

## ECONOMIC CONFLICTS AND WAYS OF THEIR LEGAL REGULATION IN UKRAINE

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**Abstract.** The article considers economic conflict as a topical phenomenon in the context of the transformation of the modern economic environment. The current economic reality is accompanied by an increase in the number of economic conflicts that arise against the backdrop of heightened socio-economic risks and significantly affect the effectiveness of business structures. One of the key factors influencing both the emergence and the dynamics of resolving such conflicts is globalization processes, which contribute to strengthening the role of international economic cooperation in national economies. It is noted that conflicts between economic entities often arise due to contradictions in interests, which necessitates the search for effective mechanisms for reconciling positions. In this context, the importance of strategies aimed at achieving compromises in the realization of the economic interests of the parties is growing. The study focuses on the theoretical and methodological foundations of economic conflicts, identifying their essence and structural elements, as well as analyzing the main areas of conflict within the economic system. It has been found that economic conflict can both hinder the development of economic entities and act as a factor stimulating their further growth. Based on an analysis of scientific and practical sources in the field of conflictology, the author proposes effective approaches to regulating economic disputes, in particular using economic and legal levers. Contemporary methods of conflict resolution are considered, taking into account the functional interaction between participants in economic and legal relations, which allows for the constructive resolution of problematic situations in economic activity. It is emphasized that effective resolution of economic conflicts requires (a) an individualized approach to each participant, taking into account their economic characteristics, (b) consideration of the specifics of the stages of conflict development and timely testing of appropriate models for its resolution, aimed at reducing possible losses and ensuring the stability of economic activity.

**Keywords:** economic security; economic processes; economic conflict; conflict resolution; mediation; arbitration; adjudication; conciliation; dispute review board.

**JEL Classification:** F52, H56, K20, K33

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**Introduction.** The modern national socio-economic system operates in conditions of constant turbulence caused by changes in both the domestic and global environments. These changes encompass not only fluctuations in economic indicators, but also transformations in financial strategies and shifts in social priorities. Such a dynamic context objectively generates conflict situations, as participants in the economic process have different goals, unequal access to resources, and varying opportunities for their use. In this regard, research that reveals the mechanisms of the emergence, development, and overcoming of economic contradictions is of particular importance.

Conflicts in the economic sphere can arise at many levels — from inter-state relations to individual economic entities. Among the key factors that provoke such conflicts are disparities in the distribution of material and financial resources, economic crises, uneven regional development, and incompatible approaches to economic policy. Analyzing the nature of such conflicts allows us not only to gain a deeper understanding of their origins and logic of development, but also to lay the foundation for the formation of effective prevention and resolution tools. This, in turn, leads to increased attention from researchers to the mechanisms of the emergence and overcoming of economic contradictions. In particular, there is a need to analyze the principles and prerequisites for compromise conflict resolution, assess the likelihood of partial or complete violation of agreements reached between counterparties, and unify approaches to resolving conflict situations within the framework of economic activity.

**Literature review.** The problems of the emergence and resolution of economic conflicts have been and remain the subject of scientific and practical research by foreign scholars, among whom the works of such renowned economists as P. Krugman, M. Porter, R. Lessar, E. Phelps, N. Roubini, R. Schiller, and F. Fukuyama. In their research, these scholars focus primarily on the macroeconomic aspects of economic and social contradictions within the functioning of global markets for products, raw materials, capital, assets, and labor. Contemporary researchers have also made significant contributions to the development of economic conflict theory: J. Stiglitz, T. Piketty, and R. Masgrave, who studied the issue of conflicts in economics through the prism of income inequality, public expenditure management policies, and their impact on socio-economic development. Over the past years or so, we have witnessed a growing research effort, spearheaded largely by J. Hirshleifer and H. Grossman, to try to put “conflict and appropriation” squarely within the scope of discourse and inquiry in the economic sphere. A special place among the studies is occupied by T. Sandler's concept of using game theory in the analysis of conflicts in economics. The domestic scientific school of economic conflictology is represented by thorough research conducted by specialists in macroeconomics, international relations, and markets: I. Burakovsky, A. Galchinsky, V. Gorbulin, Ya. Zhalil, T. Milovanov, V. Movchan, O. Purigina, O. Ustenko, and others. At the same time, it should be emphasized that the constant transformations caused by globalization processes, disintegration trends, and changes in the geopolitical, legal, and socioeconomic environment significantly affect the configuration of the business space and the adaptive behavior of economic agents.

In this context, the effective implementation of business structures' strategic and tactical goals should be based on modern organizational and legal tools adapted to new challenges and aimed at preventing and resolving economic conflicts. This situation creates many opportunities for further scientific research.

**Aims.** The aim of this article is to explore the socio-economic nature of conflicts arising within the economic sphere during the course of economic activities. It seeks to identify and analyze the organizational and legal mechanisms available for resolving such conflicts, focusing on their application and effectiveness in the context of the contemporary economic and legal environment.

**Methodology.** The research employed a general dialectical approach, integrating historical and logical analysis methods to examine economic processes. Additionally, a descriptive and analytical approach was applied alongside the method of scientific abstraction, synthesis, and generalization of results derived from the analysis of the studied economic phenomena. These methodologies enabled the formulation of well-founded conclusions. The information base for the study included scientific works by domestic and international experts experienced in the subject matter, as well as resources from specialized institutions focusing on economic security and its structural components.

**Results.** Economic security is generally considered a component of the national security system and is one of the most important national priorities.

In scientific literature, economic security is defined as the state of the economy that ensures a sufficient level of social, political, and defense existence and progressive development of the security entity, as well as the invulnerability and independence of its economic interests in relation to possible external and internal threats and influences (Stetsenko, 2013).

Based on this concept, the structure of economic security should include:

1) economic independence: the state's ability to control national resources, achieve a level of production efficiency and product quality that ensures its competitiveness and allows it to participate on an equal footing in world trade and the exchange of scientific and technical achievements;

2) stability and sustainability of the national economy, which implies the protection of property in all its forms, the creation of reliable conditions and guarantees for entrepreneurial activity, the fight against criminal structures in the economy, the prevention of serious differentiation in the distribution of income that threatens to cause social upheaval;

3) the ability for self-development and progress: the creation of a favorable climate for investment and innovation, the modernization of production, and the improvement of the professional, educational, and general cultural level of workers.

Both permanent and temporary threats, which can be defined as any phenomena and processes that can negatively affect the economic activity of a country, company, or individual, creating a danger to their economic interests, affect the structural system of economic security. Permanent threats accompany the system throughout its entire period of operation and, by their nature, are practically inevitable. Their impact is usually taken into account in the daily activities of economic agents. Temporary

threats, on the other hand, require constant monitoring, assessment, and rapid response. Preventive measures aimed at minimizing the risks associated with threats that may arise in the near or distant future require special attention. Temporary threats, in turn, are divided into short-term and long-term. Every economic threat, regardless of its origin — external or internal — can be real or potential in nature, and can manifest itself as a permanent or temporary conflict.

In general, terms, the following system of threats to the country's economic security can be proposed, with a brief description of its individual elements (Table 1).

**Table 1. Types of threats that can affect the level of economic security**

Threats	Description
Economical	insufficient effectiveness of state regulation of economic processes, lack of real mechanisms for implementing the declared policy of economic modernization, inefficiency of the state's financial policy
Financial	increase in capital volumes; high level of mobility and interconnection of financial markets based on the latest information technologies; variety of financial instruments and high level of their change; dependence of the state on foreign investments; emergence of trends threatening crises, instability of the financial system; conflict of interests
Social	growing property inequality among the population, insufficient level of social orientation of economic policy, decrease in professional qualifications of labor resources
Political	implementation of economic infrastructure based on political decisions that ignore the needs and interests of the real sector of the economy
Environmental	the negative impact of natural factors, as well as the effects of regulatory restrictions that do not take into account ecological balance and the principles of sustainable development
Demographic	crisis of the human capital reproduction system - low standard of living, high taxes, low cost of living
Institutional	shadow economic relations, corruption in government bodies, imperfection of socio-economic institutions - systems of formal and informal rules of conduct for economic agents: imperfection and inconsistency of legislation; influence of government structures; underdevelopment of market institutions and mechanisms; imperfection of the tax system; high administrative barriers

*Source: systematized by the authors*

Threats to economic security are usually potential in nature, but do not always lead to conflict situations. Timely identification of such contradictions and forecasting their further development can serve as a basis for improving national legislation. At the same time, the very existence of contradictions and their ability to transform into legal conflicts necessitates active regulatory influence by the state on the behavior of other participants in economic and legal relations. If subordinate entities properly fulfill their established financial and legal obligations, for example, and that the state or local authorities effectively exercise their powers in the field of finance, conflict escalation can be avoided. In such cases, legal instruments ensure an adequate level of financial discipline (Biliak, 2017).

The intensification of conflicts in the above-mentioned areas may provoke economic destabilization, which is particularly threatening due to its ability to deplete existing resources, cause social degradation, and form the basis for new contradictions between participants in economic activity at various levels. In order to prevent the development of critical scenarios, it is advisable to implement a set of state regulation measures, including support and incentive tools, as well as to use judicial and alternative dispute resolution mechanisms for existing conflicts in the economic sphere.

Economic security should be viewed as a stable state in which economic threats, both external and internal, are eliminated. This approach covers all levels of economic functioning, from global to individual. Differentiating economic security by level is fundamentally important, as each level is characterized by its own threats, challenges, and corresponding defense mechanisms.

***Concept and characteristics of economic conflict.*** Economic conflict should be understood as the final stage in the development of contradictions in the sphere of economic relations, characterized by a clash between entities representing numerous economic interests (enterprises, the state in the form of authorized bodies, economic entities) that have divergent socio-economic needs and ways of satisfying them (Blakytá, Bogma, Silakova, 2022).

Economic conflict arises when economic actors with their own, often conflicting, economic interests demonstrate active will and take action. This means that participants not only recognize their aspirations but also take specific actions to realize them. Contradiction escalates into economic conflict when economic actors clearly identify their interests as incompatible with those of others. In such a situation, one side tries to transform the existing system of socio-economic relations, while the other seeks to preserve it. Thus, economic conflict is the result of economic agents' awareness of the existing contradiction, which turns them into active participants in social interaction. Thus, contradictions are general and universal in nature, while economic conflict is formed because of objective and subjective factors and has a specific nature of causality.

A conflict between business entities is actual or potential actions or circumstances that disrupt the stable functioning of these entities by causing material damage (direct or indirect), including loss of expected profits. Such a violation may be the result of either accidental events or unforeseen circumstances, as well as deliberate actions caused by subjective interests or conscious provocations. The basis for the emergence of economic conflict is the manifestation of a threat in the form of material (financial) losses, which are perceived as a threat to the economic stability of entities.

It is advisable to assess economic conflict in an applied context, considering the specifics of a particular area of economic activity. This approach is not only methodologically sound, but also socially significant, as it allows for a better understanding of the nature of conflicts and increases the effectiveness of management decisions. At the initial stage of the study, it is important to systematize the levels of economic conflict and identify specific factors that contribute to the emergence of conflict situations. Accordingly, the main levels of economic conflicts are determined considering the specific subject, object, and form of manifestation of the conflict (Table 2).

The subject of economic conflict should be considered a conscious clash of interests between economic actors that arises in the process of production, distribution, exchange, and consumption of limited resources. In practical terms, this can manifest itself as a contradiction between the need for state intervention in the economy and the principles of market competition; because of resource shortages that make it impossible to fully satisfy the needs of all participants in economic processes; as a manifestation

of market self-regulation dysfunctions; or as an intensification of competitive struggle.

**Table 2. Content characteristics of levels of economic conflicts**

Components of conflict	Level of economic conflict		
	Microeconomic	Macroeconomic	Megaeconomic
Subject	Legal entity; Natural person	Economics of the social system	Economic interests of groups of countries
Object	Economic processes; Economic relations	Entrepreneurship; Privatization; Market relations	Export; Import; Country Resources
Form of manifestation	Material benefit; Material loss of the counterparty.	Raids; Inflation; Unemployment rate; Average wage rate	Protectionist Measures; Trade war; Economic war; Industrial espionage

Source: systematized by the authors

The object of economic conflict is usually considered to be a limited resource — both tangible and intangible — for which the parties to the conflict compete for ownership or use (e.g., markets, financial resources, consumers, wages, raw materials, assets, etc.). At the same time, the position of researchers who interpret the object of economic conflict more broadly seems more reasonable. First, conflicts between economic agents can arise not only in conditions of scarcity, but also in cases of resource surplus. Second, the source of conflict may be not only the desire to possess a resource, but also the struggle for access to it, the right to dispose of it, or influence its distribution within a competitive environment (Sabdash, Davydenko, Babi, 2017). Therefore, it is advisable to analyze contemporary economic conflicts taking into account a broader understanding of the object of conflict, which allows for more accurate formulation of ways to resolve it.

Recently, economic conflicts have increasingly been viewed in scientific literature through the prism of business conflicts, in the context of economic security and the protection of economic entities. This approach emphasizes the economic nature of conflicts that arise during entrepreneurial activity and manifest themselves as bilateral interaction between participants in economic relations. They are often accompanied by measures to protect the financial interests of business owners, and their specifics may vary depending on the mental characteristics of managers. The main goal of financial security in entrepreneurial activity is to ensure the stable and most effective functioning of the enterprise, maintaining production capacity based on self-financing and self-sufficiency (Sakun, Marchuk, 2017).

It should be noted that the classification of economic conflicts is of considerable practical importance for understanding their nature. For example, American academic doctrine offers the following general classification of conflicts in the economic sphere:

**1. According to the participants involved:**

- *Bipolar (bilateral)* conflicts
- *Multipolar (multilateral)* conflicts

**2. Based on the similarities and differences in the composition of the participants:**

- *Cumulative* conflicts (with a constant number of conflicting parties)
- *Intersecting* conflicts (with a variable composition of participants)

**3. According to the degree or level of antagonism among the participants:**

- Conflicts that lead to *polarization*
- Conflicts that lead to *segmentation* (Dahl, 2008)

Conflicts may also be categorized as **constructive** or **destructive**. A *constructive* conflict occurs when the parties engage in rational discourse, control emotional reactions through willpower and logic, and when at least one party is capable of considering the interests of the other on an equal footing with their own, seeking a mutually acceptable resolution. In contrast, a *destructive* conflict arises when the parties refuse to consider each other's interests, insist solely on their own demands, employ unethical methods of confrontation, or infringe upon the interests or dignity of the opposing side (Table 3).

**Table 3. Functions of economic conflicts**

Design features	Destructive functions
Conflict acts as a mechanism for identifying and highlighting internal contradictions and problems in society, organizations, or social groups; it performs an informational function, serving as a source of awareness of one's own interests and the positions of opponents in the process of confrontation.	Conflict may be accompanied by the use of violent means of resolution, which in some cases leads to human casualties and significant material damage.
Conflict is a form of resolving contradictions that helps to eliminate the shortcomings and miscalculations that led to the conflict.	Conflict can lead the opposing sides to a state of destabilization and disorganization.
Conflict can perform an integrative, unifying function; it is precisely the task of solving the problems that have arisen that produces mutual understanding and a sense of involvement in solving the common task.	Conflict can lead to a slowdown in the social, economic, and political development of society.
Resolving the conflict leads to the stabilization of the social system, eliminating sources of conflict; preventing more serious conflicts that could have occurred if this conflict had not happened.	The conflict may be accompanied by growing pessimism in society.
There is an intensification of analysis of problematic situations, development of new approaches, innovative technologies, etc.	Conflict can lead to new, more destructive conflicts.
Conflict can serve as a means for the emergence of new norms of communication between subjects, contributing to the improvement of old rules with new content.	Conflict can lead to a decline in discipline and efficiency.

Source: systematized by the authors

***Traditional and Non-Traditional Methods of Resolving Economic Conflicts in the Modern Context of Ukraine.*** Given the complex and specific nature of economic conflicts, challenges or uncertainty often arise when choosing an appropriate mechanism for the protection of the corresponding legal relations.

Current legislation in Ukraine provides for both judicial and extrajudicial forms of protection of rights and interests arising from economic legal relations.

Traditionally, the judicial form ensures the resolution of cases arising from economic legal relations, as well as other matters falling under the jurisdiction of specialized commercial courts, as defined by law (Article 22 of the Law of Ukraine "On the Judicial System and the Status of Judges," dated June 2, 2016). According to Article 2 of the *Economic Procedural Code of Ukraine* (dated November 6, 1991), the purpose of economic proceedings is the fair, impartial, and timely resolution by the court of disputes related to economic activity, as well as other cases within the

jurisdiction of commercial courts. These proceedings aim to ensure effective protection of the violated, unrecognized, or disputed rights and legitimate interests of individuals, legal entities, and the state.

The following advantages of judicial protection are widely acknowledged:

- the binding nature of court decisions;
- the application of protection to an unlimited range of persons;
- adjudication by a specialized authority—the court—established specifically for resolving legal disputes;
- a clearly regulated procedure for establishing and verifying factual circumstances and rendering a decision;
- the involvement of qualified professionals—impartial judges.

However, the disadvantages of judicial protection include:

- the lengthy duration of proceedings;
- the possibility that the court's decision may not fully satisfy the expectations of the parties;
- the potentially high financial costs associated with litigation.

Extrajudicial (out-of-court) resolution of economic disputes in Ukraine is also possible through two main approaches, both of which are traditionally recognized.

The first includes legally regulated mechanisms:

**1. Mediation**, conducted in accordance with the *Law of Ukraine "On Mediation"* dated November 16, 2021;

**2. International commercial arbitration**, under the *Law of Ukraine "On International Commercial Arbitration"* dated February 24, 1994;

**3. Domestic arbitration**, as defined by the *Law of Ukraine "On Arbitration Courts"* dated May 11, 2004.

The second approach consists of methods not directly regulated by law but commonly used by the parties to the conflict, such as **negotiations** and **non-institutionalized mediation** (Table 4).

When choosing a method for resolving an economic conflict, it is essential that the parties involved consider several key criteria: the nature of the dispute or conflict; the extent to which the chosen method allows for the consideration of the parties' interests and needs, and the potential to achieve a mutually beneficial outcome; the possible outcome resulting from the chosen procedure; the qualifications and experience of the specialist (mediator, arbitrator, etc.) to whom the parties refer the dispute; how the procedure will be monitored or supervised; the expected time frame for the resolution process; the cost of the procedure, including the amount the parties are willing to pay; the enforceability of the decision resulting from the procedure.

In academic literature, the term adjudication refers to a form of alternative dispute resolution (ADR) that encompasses all methods of dispute resolution which are neither arbitration nor traditional litigation. Adjudication includes mechanisms that are distinct in nature: in some cases, the decision reached may be final and binding, while in others—more commonly—it serves as an interim or additional attempt to resolve a dispute, used before, alongside, or after the primary ADR methods such as mediation or arbitration.



**Table 4. Comparison of the main processes of conflict resolution**

	Negotiations	Mediation	Trial
Reasons	Agreement on negotiations	Agreement and contract on participation in mediation	Lawsuit
Nature	Participation on a parity basis	Participation on a parity basis	Competitive process
Difficulty	Lack of a person managing the process	Convince the other party to start the procedure	Clarification of the essence of the dispute; enforcement of the decision
Duration	It may vary. Negotiations may be delayed due to lack of organization of the process	It is assessed in advance by the parties and monitored by the mediator.	It takes a lot of time to assign a case for consideration. Failure of a party to appear at the trial. Postponement of the court session
The degree of control the parties have over the outcome and process	High	High	Low
Regulation	Informal procedure	Mediation Rules and Mediator Code of Ethics	Procedural law
Risks	Lack of consent or formal consent	Lack of consent	Unpredictable outcome and difficulty in implementing the decision
Procedure for formalizing the result	Agreement or contract	Arrangement, agreement or contract	Court order or decision
Relations between the parties	Remain uncertain	Improved	Can deteriorate and be torn

*Source: systematized by the authors*

Among the non-traditional methods of resolving economic conflicts in Ukraine are conciliation and dispute resolution commissions.

Conciliation is frequently employed in civil and commercial (economic) disputes. Originating from the English term conciliation (meaning reconciliation), it is often referred to as «conciliatory settlement». This process involves the participation of a neutral third party—the conciliator—who facilitates effective communication between the parties, assists them in reaching a mutually acceptable solution, and may, if necessary, propose possible settlement options. Compared to a mediator, a conciliator typically has greater authority to suggest specific solutions for resolving the conflict.

Conciliation is the most commonly used form of settlement procedure. It does not necessarily follow strict negotiation techniques or a defined structure, although nothing prevents the conciliator from applying such techniques if appropriate. The conciliator may offer resolution proposals if deemed necessary; however, these proposals are generally non-binding and subject to the parties' voluntary acceptance.

Another innovation in the field of economic conflict resolution in Ukraine is the introduction of the Dispute Review Board (DRB). This is a contractual body originally developed in the United States as a mechanism for preventing and resolving disputes in the construction industry. A DRB operates proactively throughout a project to avoid escalation of disputes and to assist in resolving issues as they arise.

According to general practice, a dispute resolution clause is typically included in an agreement or contract to address potential conflicts. This clause outlines how and when a dispute resolution commission should be established. However, the inclusion of such a clause is not required by law and is therefore voluntary.

The members of the commission may be specified directly in the contract or determined after a dispute arises. Typically, the commission consists of three members, although this is not mandatory. Each party to the contract may appoint one representative to the commission, and those appointees then jointly select a chairperson. In some cases, the commission may consist of a single member, provided both parties agree on the individual.

The powers and authority of the commission can be defined in the contract itself. Depending on the subject matter of the agreement, standard templates or specific regulations governing dispute resolution commissions may also apply.

Following its review of the dispute, the commission may issue a decision or offer recommendations. These recommendations can serve as a basis for the contracting parties to independently resolve the conflict. The conflict may be fully resolved through this process, or the outcome may serve as grounds for initiating proceedings in court or before another competent authority. Typically, the dispute resolution clause in a contract stipulates that any subsequent court proceedings will be conducted independently, without being bound by the commission's decision.

Given the complexity and multidimensional nature of economic conflicts, their effective resolution depends significantly on the ability of the parties to engage in constructive dialogue. Such interaction should be grounded in the principles of mutual respect, transparency, and tolerance, fostering an environment where mutually acceptable solutions can be reached even in the presence of substantial differences.

In today's context, the use of modern communication technologies plays a vital role. Digital platforms, social media, and other communication tools offer new opportunities for efficient information exchange, the development of compromises, and the implementation of joint actions.

Considering the growing importance of alternative, non-judicial methods of resolving economic disputes, it is advisable to develop a strategy or a system of indicators to assess the level of conflict. Such a system can help prevent or manage conflicts more effectively. This strategic framework should include key components such as: communication and dialogue, mediation and negotiation, compromise and mutual concessions, collaboration and joint problem-solving, legal and regulatory support, long-term planning and adaptive strategies, building trust and sustainable relationships.

**Discussion.** In modern scientific approaches to the study of economic conflicts, there has been a gradual expansion of research areas due to the detailing of the sources of such conflicts and ways of responding to them. In particular, attention is paid to establishing causal links between economic indicators and conflict situations, assessing direct and indirect consequences, as well as the side effects of conflicts. Another important aspect is the analysis of the conditions that contribute to their emergence. In addition, research into the causes and frequency of conflicts in various areas of economic activity remains relevant.

The diversity of nature and sources of economic conflicts determines the formation of appropriate economic policy directions, taking into account the specifics of the conflict participants, its duration, and the characteristics of the market segment

in which the conflict situation arises. In this context, further scientific research aimed at studying conflicts in a globalized environment contributes to a rethinking of approaches to analyzing their dynamics at the interstate and global levels. This, in turn, creates a basis for improving existing theoretical and applied approaches to resolving economic conflicts within the national space.

Today, the urgent task is to establish and further improve institutions aimed at preventing economic conflicts, ensuring legal balance between parties to conflicts, and introducing modern mechanisms and technologies for their effective resolution. In addition, in our opinion, the resolution of economic conflicts at the national level requires a qualitatively new analytical approach based on an objective assessment of normative and actual indicators of living standards.

A separate area of scientific research is the study of the relationship between competition and economic conflicts. This approach makes it possible to reveal the contradictions of economic interests that underlie competitive processes. The desire of economic entities to achieve their own goals often prompts them to use unfair methods of competition, which, in turn, provokes economic conflicts. This area of research has important practical significance and deserves further scientific study.

When resolving economic conflicts, it is advisable to consider both objective and subjective approaches. The objective approach involves making decisions aimed at maximizing economic benefits for the parties, with an emphasis on clearly formulating positions without taking into account additional factors, such as political, social, or other factors. In contrast, the subjective approach is based on achieving a mutually beneficial compromise that may take into account non-economic considerations, such as the individual interests, values, or strategic priorities of the parties.

**Conclusion.** Economic security is a basic prerequisite for the stable functioning of any organizational unit—a state, industry, enterprise, or individual business entity. It requires the ability to timely detect, prevent, and neutralize threats that could negatively affect financial stability and operational efficiency. In this context, the mechanism for resolving economic conflicts acts as an integrated system of coordinated legal instruments that ensures the detection of sources of conflict, their formalization and identification, as well as the determination of effective measures to resolve them and minimize the risk of similar situations recurring in the future.

In the public consciousness, conflict is usually perceived as a negative phenomenon associated with behavior that disrupts the stable functioning of business structures and leads to the disorganization of their activities. However, in some cases, conflict can be constructive, serving as an indicator of diversity of views and a source of new information. This, in turn, contributes to the optimization of decision-making processes, the improvement of mechanisms for resolving contradictions, and the satisfaction of the current needs of participants in the interaction. As a result, the effectiveness of the implementation of tasks, projects, and strategies increases. Thus, conflict can act as a factor in the development and positive changes in the internal environment of a business entity, as well as a source of destructive processes that threaten its stability and effectiveness.

The practice of legalizing extrajudicial forms of dispute resolution, such as

negotiations, mediation, and arbitration, has gradually become established in the national legal field. Over time, these mechanisms have evolved and improved, which, in turn, has contributed to the formation of new approaches and methods for resolving disputes in the field of commercial legal relations. For example, current Ukrainian legislation does not contain any provisions regulating the use of conciliation procedures such as conciliation or dispute resolution commissions. At the same time, international practice convincingly demonstrates their effectiveness, economic feasibility, and ability to quickly resolve conflicts between parties to legal relations without placing an excessive burden on the judicial system. The introduction of such methods of resolving economic disputes largely depends on the initiative of the interested parties and the specifics of the particular case. At the same time, their spread can become an important factor in the formation of a legal culture, raising the level of legal awareness, and developing international cooperation.

We propose developing a system of indicators (assessment strategy) for evaluating the level of conflict in the economic sphere of a business entity, which can help avoid conflict or resolve it positively. The components of this system may include the following indicators: (a) the possibility of open and constructive dialogue to resolve the conflict (negotiations); (b) the introduction (existence) and enforcement of a transparent and fair regulatory framework (effective regulatory framework); (c) the possibility of using mediation and arbitration (mediation and arbitration); (d) promotion of economic interdependence and cooperation (interdependence and cooperation); (e) monitoring of economic indicators, events, and other factors affecting relations between counterparties; (f) ensuring the participation of interested parties (not parties to the conflict) in the decision-making process (stakeholder engagement).

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