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ISSUE
№91

EUROPEAN OPEN
SCIENCE SPACE

COLLECTION OF SCIENTIFIC PAPERS

4TH INTERNATIONAL
SCIENTIFIC
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SCIENTIFIC PROGRESS: THEORIES, APPLICATIONS AND GLOBAL IMPACT

JUNE 8-10, 2026, BRAGA, PORTUGAL

EUROPEAN OPEN
SCIENCE SPACE

Proceedings of the 4th International Scientific
and Practical Conference

"Scientific Progress: Theories, Applications and Global Impact"

June 8-10, 2026
Braga, Portugal

Collection of Scientific Papers

Portugal, 2026

UDC 01.1

Collection of Scientific Papers with the Proceedings of the 4th International Scientific and Practical Conference «Scientific Progress: Theories, Applications and Global Impact» (June 8-10, 2026, Braga, Portugal). European Open Science Space. 2026.

ISBN 979-8-89704-969-1 (series)
DOI 10.70286/EOSS-08.06.2026

The conference is included in the Academic Research Index ResearchBib International catalog of scientific conferences.

The conference is registered in the database of scientific and technical events of UkrISTEI to be held on the territory of Ukraine (Certificate №1068 dated 22.12.2025).

The materials of the collection are presented in the author's edition and printed in the original language. The authors of the published materials bear full responsibility for the authenticity of the given facts, proper names, geographical names, quotations, economic and statistical data, industry terminology, and other information.

ISBN 979-8-89704-969-1

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Список використаних джерел

1. Про схвалення Стратегії демографічного розвитку України на період до 2040 року. Розпорядження Кабінету Міністрів України від 30 вересня 2024 р. № 922-р. [Електронний ресурс] // Режим доступу : URL https://zakon.rada.gov.ua/laws/show/922-2024-%D1%80#Text (дата звернення: 04.06.2026).
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ENSURING THE FINANCIAL STABILITY OF ENTERPRISES UNDER MARTIAL LAW CONDITIONS

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The full-scale war launched by the Russian Federation against Ukraine in 2022 has become one of the most powerful destabilizing factors for the national economy and the business sector. Martial law has significantly altered the operating environment of enterprises, causing disruptions in production processes, destruction of logistics chains, loss of assets, a decline in effective consumer demand, shortages of labor resources, and increased financial risks. Under such conditions, the issue of ensuring the financial stability of enterprises becomes particularly relevant as one of the key prerequisites for their survival, adaptation to crisis conditions, and further development.

Financial stability is one of the fundamental characteristics of an enterprise's economic security and reflects its ability to maintain a balance between internal and external sources of financing, meet financial obligations in a timely manner, ensure continuity of operations, and create conditions for long-term development. Under martial law, the importance of financial stability increases significantly, as it determines an enterprise's ability to withstand external shocks, adapt rapidly to changes in the market environment, and minimize the consequences of crisis phenomena.

Modern Ukrainian enterprises operate in an environment characterized by increased uncertainty and risk. Among the major challenges they face are declining production volumes, limited access to financial resources, inflationary pressures, exchange rate instability, rising costs of energy and material resources, destruction of production and transport infrastructure, and the need to relocate businesses from areas affected by active hostilities. The combined impact of these factors negatively affects the liquidity, solvency, and financial independence of enterprises, necessitating the search for new mechanisms for managing financial stability.

The issue of ensuring financial stability is particularly important for enterprises in the agricultural sector, industry, logistics, and services, which have suffered significant losses as a result of military actions. Despite state support, international financial assistance, and the gradual adaptation of businesses to new operating conditions, the development of effective financial resource management systems, diversification of funding sources, and enhancement of financial security remain among the most pressing issues for domestic enterprises.

In academic literature, the issue of financial stability has traditionally been examined through the lenses of solvency, financial independence, capital structure optimization, and efficient resource utilization. However, the current conditions of martial law create new challenges that require a reconsideration of existing approaches to financial stability management and the development of effective mechanisms for ensuring enterprise economic security. Particular attention should be paid to business adaptation to conditions of high uncertainty, financial risk management, digital transformation of business processes, and the formation of anti-crisis development strategies.

Given the scale of economic losses caused by the war and the necessity of ensuring the sustainable functioning of enterprises in the long term, research into financial stability under martial law is highly relevant from both theoretical and practical perspectives. The findings of such studies may serve as a basis for improving financial resource management mechanisms, enhancing economic security, and supporting the effective post-war recovery of Ukraine's economy.

The issue of ensuring enterprise financial stability under martial law is one of the most relevant areas of contemporary economic research. Increased external risks, destruction of production facilities, disruption of logistics chains, instability in financial markets, and changing business conditions have intensified the need to identify effective mechanisms for maintaining the financial balance of business entities.

The study by Vasylchuk I. and Izmailova N. examines the impact of external shocks, including military actions, pandemic restrictions, and economic crises, on the financial stability of Ukrainian enterprises. The authors emphasize the need to develop adaptive mechanisms for financial resource management and enhance financial flexibility. However, the sector-specific aspects of financial stability remain insufficiently explored [1].

Namiasenko V. investigates the peculiarities of ensuring enterprise economic security under martial law. The author considers key threats to enterprise operations, mechanisms for their mitigation, and directions for increasing business resilience during wartime. Nevertheless, the financial aspects of economic security require more in-depth examination [2].

In the work of Ahres O., Syniavska L., and Rubai O., the authors identify the specific features of maintaining the financial equilibrium of agricultural enterprises under wartime challenges. They emphasize the necessity of state support for the agricultural sector and improved financial management efficiency. At the same time, the impact of international financial assistance on the stability of agricultural enterprises remains insufficiently studied [3].

Bondarenko N., Tsyban V., and Derkach T. substantiate a mechanism for ensuring the financial security of agricultural enterprises under conditions of economic instability. Considerable attention is paid to financial planning, diversification of funding sources, and risk minimization. However, practical tools for managing war-related risks are not sufficiently disclosed [4].

Havlovskyi Ye. examines the issue of strengthening the financial security of Ukraine's critical infrastructure enterprises under martial law. The author highlights the importance of financial stability for ensuring the uninterrupted functioning of strategically important facilities but pays insufficient attention to the use of digital financial instruments [5].

Kutsenko D. proposes a project-based approach to adapting enterprise economic security mechanisms to wartime risks. The author demonstrates the effectiveness of project management tools for risk management and business process resilience. Nevertheless, the issue of ensuring the financial stability of small enterprises remains insufficiently explored [6].

Pasinovych I., Myskiv H., and Hutak V. analyze the relationship between an enterprise's financial condition and its level of financial security. The study substantiates the necessity of comprehensive financial and economic analysis as a basis for building a financial security system. However, the impact of wartime risks on financial performance is not fully addressed [7].

Among international studies, the work of Thakur-Weigold B. and Miroudot S. deserves attention, as it examines supply chain resilience under conditions of geopolitical instability. The authors analyze common approaches to supply chain resilience and their implications for economic policy. However, the specific conditions of enterprises operating in countries affected by war remain outside the scope of the study [8].

Chang X., Song Z., and Zhou T. investigate the impact of geopolitical risks on global supply chain resilience. Their findings confirm the significant negative effects of geopolitical instability on business activities; however, financial stability at the microeconomic level remains insufficiently explored [9].

Hernandez-Romero M. and Coenders G. analyze the financial resilience of Spanish agri-food enterprises under the consequences of the Russian-Ukrainian war. The authors demonstrate that prolonged crises significantly affect financial performance and require the implementation of adaptive management mechanisms. Nevertheless, mechanisms for enterprise adaptation to long-term crises require further scientific substantiation [10].

Thus, the analysis of contemporary scientific literature indicates considerable scholarly interest in issues of financial stability, economic security, and risk management under martial law. At the same time, questions related to comprehensive financial stability management considering sector-specific characteristics, the use of digital financial management tools, diversification of funding sources, and adaptation to long-term wartime risks remain insufficiently explored. This necessitates further research aimed at developing effective mechanisms for ensuring enterprise financial stability under martial law.

The purpose of the study is to substantiate the theoretical foundations and develop practical recommendations for ensuring enterprise financial stability under martial law by identifying key influencing factors, assessing current threats to financial security, and determining effective mechanisms for enterprise adaptation to conditions of increased uncertainty and risk.

Financial stability of an enterprise is one of the key characteristics of its economic condition and determines the ability of a business entity to maintain continuity of operations, meet financial obligations, ensure the reproduction of its production potential, and withstand the impact of internal and external threats. Under current business conditions, the importance of financial stability is growing significantly, as enterprises operate in an environment of high uncertainty caused by military actions, economic instability, inflationary processes, disruption of logistics chains, and changes in market conditions.

In academic literature, financial stability is most often defined as a state of an enterprise's financial resources that ensures its solvency, liquidity, financial independence, and ability to achieve sustainable long-term development [11-14]. Financial stability serves as the foundation of an enterprise's economic security, as it enables the minimization of risks and the maintenance of competitiveness even under unfavorable external conditions.

The main components of enterprise financial stability include:

financial independence – a sufficient level of equity capital and minimized dependence on external sources of financing;

solvency – the ability of an enterprise to meet its current and long-term financial obligations in a timely manner;

asset liquidity – the ability to convert assets into cash quickly without significant loss of value;

profitability – the generation of sufficient profit to support enterprise development;

financial security – the protection of the enterprise's financial interests from internal and external threats;

adaptability and managerial flexibility – the ability to respond rapidly to changes in the external environment.

Research by contemporary scholars indicates that under wartime conditions, the most significant factors affecting the financial stability of enterprises are external ones, including the macroeconomic situation in the country, inflation rates, exchange rate fluctuations, state tax policy, access to credit resources, the level of government support for businesses, the security situation in the region, and changes in international trade.

At the same time, the internal reserves of an enterprise also play an important role in ensuring its stable functioning. These include the capital structure of the enterprise, the efficiency of financial resource utilization, the quality of financial management, the level of business diversification, the effectiveness of risk management systems, the condition of the material and technical base, and the level of innovation activity.

Particular attention under martial law is paid to the concept of financial resilience, which is widely used in international research. Financial resilience refers to the ability of an enterprise not only to withstand crisis situations but also to recover from adverse shocks with minimal losses. Unlike the traditional understanding of financial stability, the concept of resilience emphasizes adaptability, responsiveness, and the ability to transform business models.

Under current conditions, the key instruments for ensuring enterprise financial stability include diversification of income sources, cost optimization, the establishment of reserve funds, digitalization of financial processes, risk insurance, and the attraction of alternative financing sources. Of particular importance is the use of digital technologies, which improve the efficiency of financial planning, enable real-time monitoring of cash flows, and facilitate rapid responses to changes in market conditions.

Martial law has created fundamentally new operating conditions for enterprises and significantly increased the impact of risks on their business performance. Unlike traditional economic crises, contemporary wartime challenges are comprehensive in nature and affect virtually all areas of enterprise activity, including production, finance, investment, logistics, and human resources.

The main threats to the financial stability of enterprises under martial law are presented in Table 1.

Table 1 Main threats to the financial stability of enterprises under martial law

Threat	Characteristics of Manifestation	Impact on Enterprise Financial Stability
Destruction of production facilities	Damage to or complete destruction of production sites, warehouses, and equipment due to military actions	Reduction in production volumes, loss of assets, and the need for significant recovery expenditures
Disruption of logistics chains	Blocked transport routes, increased transportation costs, restrictions on exports and imports	Increased costs, delivery delays, and reduced sales revenues
Inflationary pressures	Rising prices of raw materials, fuel, energy resources, and services	Increased production costs and reduced profitability
Currency risks	Exchange rate fluctuations and instability of the foreign exchange market	Higher costs of imported resources and difficulties in financial planning
Labor shortages	Employee mobilization, labor migration, and demographic losses	Lower labor productivity and increased recruitment and training costs
Decline in effective demand	Reduced incomes of households and businesses during wartime	Decreased sales volumes and cash inflows
Limited access to financing	Stricter lending requirements and reduced availability of credit	Working capital shortages and slower investment activity
Increased tax and regulatory burden	Legislative changes and stricter business regulations	Additional financial costs and administrative risks
Loss of sales markets	Temporary occupation of territories, disruption of trade relations, and reduced exports	Revenue decline and deterioration of financial performance
Energy risks	Power outages, fuel shortages, and destruction of energy infrastructure	Production interruptions and increased costs of alternative energy sources
Cyber threats and information attacks	Unauthorized access to information systems, data breaches, and cyberattacks	Financial losses, disruption of business processes, and reputational risks
Investment risks	Declining investment attractiveness of enterprises and the economy as a whole	Reduced opportunities for modernization and business development
Force majeure circumstances related to war	Active military operations, occupation of territories, and landmines	Loss of assets, suspension of operations, and enterprise bankruptcy
Growth of accounts receivable	Delayed fulfillment of financial obligations by counterparties	Deterioration of liquidity and solvency
Disruptions in raw material supply chains	Shortages of materials, components, and production resources	Reduced production volumes and higher costs of finding alternative suppliers

The data presented in Table 1 demonstrate that the threats affecting enterprise financial stability under martial law are multidimensional and interconnected. Their impact extends beyond individual financial indicators and affects the overall economic viability and long-term sustainability of business entities.

The most destructive threat is the loss of production capacity and infrastructure, as it directly limits an enterprise's ability to generate revenue. Damage to production facilities, warehouses, and equipment not only causes immediate financial losses but also requires substantial investments for reconstruction and modernization. For many enterprises, particularly in regions affected by hostilities, such losses threaten business continuity and increase the risk of insolvency.

The disruption of logistics and supply chains has become another critical factor undermining financial stability. The inability to ensure uninterrupted deliveries of raw materials and finished products leads to production delays, increased operational costs, and reduced competitiveness. Enterprises that depend on export activities face additional challenges due to restricted access to traditional foreign markets and transportation routes.

A significant threat is represented by macroeconomic instability, particularly inflationary processes and exchange rate fluctuations. Rising production costs reduce profit margins and weaken enterprises' ability to accumulate financial reserves. Currency volatility further increases uncertainty regarding future cash flows, complicates budgeting processes, and elevates financial risks associated with import-dependent operations.

The shortage of labor resources has emerged as one of the most pressing structural challenges. The outflow of skilled workers through migration and military mobilization has intensified competition for qualified personnel and increased labor costs. As a result, enterprises are compelled to invest additional resources in recruitment, training, and workforce retention, which places further pressure on financial performance.

The analysis also highlights the growing importance of financial and investment constraints. Limited access to credit resources reduces the ability of enterprises to finance current operations, implement investment projects, and maintain adequate liquidity levels. At the same time, declining investment attractiveness restricts opportunities for technological modernization and long-term development.

Particular attention should be paid to energy and cybersecurity risks, which have become increasingly relevant during the war. Interruptions in energy supply can halt production processes and generate significant additional expenses, while cyberattacks may result in financial losses, operational disruptions, and reputational damage. The growing digitalization of business processes makes enterprises more vulnerable to such threats and necessitates enhanced cybersecurity measures.

Overall, the findings indicate that the cumulative impact of these threats significantly weakens enterprise financial stability by reducing profitability, liquidity, solvency, and financial independence. Therefore, enterprises must adopt a comprehensive risk-management approach that combines financial planning, diversification strategies, digital transformation, and resilience-building measures to ensure sustainable operation under wartime conditions.

Financial stability is one of the fundamental prerequisites for ensuring the continuity of enterprise operations, maintaining competitiveness, and supporting long-term development. Military actions have significantly intensified the impact of external risks on business activities, creating a need to reconsider traditional approaches to financial management and develop new mechanisms for adapting to crisis conditions.

The study confirms that financial stability is a complex economic category reflecting an enterprise's ability to maintain solvency, liquidity, financial independence, and stable financial performance under conditions of heightened uncertainty. Under martial law, particular importance is attached to such components as financial security, managerial adaptability, diversification of financing sources, and the ability to respond rapidly to environmental changes.

The review of scientific literature revealed that existing research primarily focuses on economic security, risk management, and financial stability during crises. However, insufficient attention has been devoted to the development of integrated mechanisms for strengthening enterprise financial stability while considering sector-specific characteristics and the unique challenges of prolonged wartime conditions.

The analysis identified the destruction of production infrastructure, disruption of logistics chains, inflationary pressures, exchange rate instability, labor shortages, declining purchasing power, and limited access to financial resources as the most significant threats to financial stability. The combined effect of these factors leads to lower profitability, reduced liquidity, weakened financial independence, and an increased probability of financial distress.

It has been substantiated that ensuring enterprise financial stability under martial law requires a systematic approach to financial management. Such an approach should include the establishment of reserve funds, diversification of revenue sources, enhancement of risk-management systems, digitalization of financial processes, improvement of capital utilization efficiency, and implementation of anti-crisis management mechanisms.

A particularly important direction for strengthening enterprise stability is the adoption of the financial resilience concept, which emphasizes not only the ability to withstand crises but also the capacity to recover quickly from adverse external shocks. In the current environment, resilience has become a critical determinant of long-term competitiveness, sustainability, and business continuity.

Future research should focus on developing sector-specific models for assessing financial stability under martial law, improving methodologies for evaluating financial risks, exploring the potential of digital technologies in financial management systems, and designing mechanisms for enhancing the financial resilience of enterprises during Ukraine's post-war economic recovery.

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Proceedings of the 4th International Scientific
and Practical Conference
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June 8-10, 2026
Braga, Portugal

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