DOI: 10.55643/fcaptp.2.67.2026.5175

THE IMPACT OF SANCTIONS POLICY ON ECONOMIC ACTIVITY AND ENTERPRISE SECURITY: PROBLEMS OF LEGAL REGULATION AND MANAGEMENT TOOLS IN A STATE OF WAR

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Received: 05/02/2026
Accepted: 01/04/2026
Published: 30/04/2026

ABSTRACT

The purpose of this article is to conduct a comprehensive study of sanctions policy as an instrument of state regulation in conditions of martial law by analyzing the current regulatory legal framework that determines the procedure for imposing and implementing sanctions, as well as identifying problems of legal regulation and justifying instruments for managing the economic activities of enterprises in order to minimize the negative consequences of sanctions restrictions and summarize the characteristics of enterprises subject to sanctions in conditions of economic crisis and war. The regulatory and legal basis for the implementation of sanctions policy in Ukraine has been systematized, and the peculiarities of its application in conditions of martial law have been characterized. The main problems of legal regulation of sanctions related to the fragmentation of legislation, the complexity of application procedures, and limited legal certainty for business entities have been identified. The key characteristics of the list of enterprises subject to sanctions are summarized, taking into account the sectoral and organizational-legal structure, and the directions of managerial response of enterprises within the current legal framework are outlined. The scientific novelty lies in combining economic and legal approaches to the study of sanctions policy in a state of martial law, as well as identifying problems of legal regulation and managerial aspects of enterprise functioning in a sanctions environment, and developing basic tools for reducing the risk of enterprises receiving sanctions in conditions of economic and political instability. The results obtained can be used by enterprises in the process of developing management and anti-crisis decisions in conditions of sanctions restrictions, as well as by state authorities in improving the regulatory and legal framework for sanctions policy and mechanisms to support economic activity during wartime.

Keywords: sanctions, sanctions policy, legal regulation, economic activity of enterprises, martial law, economic risks, management, enterprises, restrictions on financial and economic activity

JEL Classification: K20, K23, H12, F52, D81, L20

INTRODUCTION

During the period of full-scale military invasion of Ukraine by the russian federation, sanctions policy has become one of the key instruments of economic and legal influence on the aggressor state, related legal entities and individuals, as well as on business entities operating in a high-risk sanctions environment. The introduction of martial law has significantly transformed system of state regulation of economic processes, strengthened the role of restrictive measures, and at the same time exacerbated the problems of legal certainty, predictability, and stability of conditions for doing business.

Sanctions restrictions applied at the national and international levels directly affect the financial, economic, investment, foreign economic, and operational activities of enterprises. The freezing of assets, restrictions on access to financial resources and capital markets, the termination or complication of contractual relations, the disruption of logistics chains, and the prohibition of cooperation with certain counterparties create new risks for the functioning of enterprises. At the same time, sanctions policy, as an instrument of national security, creates complex challenges for ensuring the continuity of enterprises' economic activities and maintaining their competitiveness in a war economy.

At the same time, sanctions policy is not only a limiting factor, but also a catalyst for transformational processes in the enterprise management system. The need to adapt to new legal and economic conditions necessitates a review of management approaches, the introduction of anti-crisis strategies, the creation of transparent conditions for the submission of information, and the strengthening of compliance control and internal risk management procedures. However, the lack of clearly formulated recommendations and scientifically based management tools in the context of sanctions significantly complicates implementation of sound management decisions at the level of the business entity.

Thus, there is an objective need for a thorough study of the impact of sanctions policy on the financial and economic activities of enterprises, taking into account military conditions, the specifics of legal regulation, and the practice of applying sanctions. An alternative is to develop a systematic approach to assessing the consequences of sanctions, identifying legal issues, and justifying management tools aimed at ensuring the sustainability of enterprises, minimizing risks, and supporting their economic activity in conditions of martial law.

LITERATURE REVIEW

Aspects of the impact of sanctions policy on economic activity of enterprises is addressed in scholarly research through a broad range of economic, legal, and managerial approaches. In particular, the legal aspects of enterprise functioning under crisis conditions are examined by both Ukrainian and foreign scholars. Domestic studies primarily focus on the mechanisms of legal support for enterprise activities during periods of socio-political and economic turbulence, especially with regard to the regulation of risks arising from external restrictions. Thus, certain studies (Shevchenko & Chakalov, 2025) highlight the legal risks of entrepreneurial activity in the complex contemporary political and economic environment, emphasizing the need to bring the legal framework into line with emerging challenges. In turn, Novikov, D. (Novikov, 2024) considers sanctions policy as an instrument of economic pressure and analyzes its legal and economic consequences for business entities, which constitutes an important component in understanding the impact of restrictive measures on enterprise activities. Domestic researchers emphasize that sanctions restrictions have a direct impact on the economic security of Ukrainian enterprises, which manifests itself in a significant reduction in profitability (in some cases by 30–40%), restricted access to capital markets, and increased risks of losing competitive positions.

For example, Komarnytska I., Zaiats O., and others (Komarnytska & Zaiats, 2022) examine the general principles of legal regulation of enterprise economic activity under crisis conditions, particularly aspects related to ensuring their economic security. Other studies (Moscevenko, 2023) address the principles of legal regulation of enterprise economic activity in crisis situations and identify directions for mitigating negative factors that may lead to sanctions-related challenges, in particular: increasing the level of transparency in corporate governance, introducing internal control and sanctions compliance systems, and strengthening financial discipline. Andiojaya Agung (Andiojaya, 2025) considers sanctions to be an effective mechanism for combating money laundering and tax evasion, as well as a tool for reducing the scale of the shadow economy, and enhancing the reputation of the national economy. Reducing bribery and money laundering helps to stop illegal financial flows at various levels, while AML measures increase the effectiveness and efficiency of detecting them, ensuring a more systematic and resource-optimized approach.

Foreign studies generally emphasize the impact of sanctions and external constraints on enterprises' strategic decisions, operational behavior, and access to capital resources. In particular, models of firms' economic responses to sanctions regimes are analyzed in the works of Thein H. H., Grosman A., et al. (Thein et al., 2024), which focus on the influence of external economic risks on managerial decision-making. Researchers emphasize that, in financial and economic terms, sanctions regimes for enterprises and transnational corporations translate into increased compliance costs and capital costs, a reduction in foreign investment and diversification opportunities, as well as destabilization of supply chains and payment infrastructure, which directly negatively affects cash flow indicators. Additionally, studies by Aliasgar O. and Rose E. L. (Aliasgar & Rose, 2023) to study the relationship between the quality of accounting information and capacity to enhance enterprise resilience under external restrictions. Other international publications concentrate on the macroeconomic aspects of sanctions policy and its impact on international trade and global supply chains, which also has an indirect but significant relevance for the adaptation of business strategies (For example, Daniel P. Ahn and Rodney D. Ludema (Ahn & Ludema, 2020) argue that sanctioned companies have experienced a significant decline in operating income, asset value, and employee numbers compared to unsanctioned companies, with losses being particularly significant in sectors dependent on Western services; Matthieu Crozet and Julian Hinz (Crozet & Hinz, 2020) argue that economic sanctions, as a common foreign policy tool aimed at changing the behavior of a foreign government through economic pressure, can also have an impact on the country that imposed them. Klaus E. Meyer and Tony Fang (Meyer & Gaur et al., 2023) argue that sanctions are a means of political influence through which states or other actors seek to compel foreign governments, companies, or individuals to adjust their behavior; As a non-military mechanism of coercion, they can disrupt the international business environment, accelerate change, and alter the existing rules of the game, etc.). For companies engaged in foreign economic activity, sanctions restrictions lead to a decrease in revenues for both exporters and importers; at the same time, in recent years, amid the war, logistics volumes have fallen by approximately 35%.

An analysis of academic sources indicates that the vast majority of studies focus either on a broad economic analysis of sanctions policy or on general legal aspects of counteracting external threats. However, there remains a lack of research devoted to the causes and types of sanction-related measures affecting enterprise activities under conditions of war and crisis, the reasons for their emergence, and a comprehensive classification of the existing legislative regulation of this sphere specifically in Ukraine.

AIMS AND OBJECTIVES

The purpose of the article is to study the impact of sanctions policy on the financial and economic activities of enterprises in conditions of war and economic crisis, taking into account the reasons and types of sanctions applied to business entities, analyzing the peculiarities of their occurrence, as well as systematizing and grouping the complex national legal mechanism for regulating sanctions in order to justify management tools for adaptation and maintaining the financial stability of enterprises in conditions of military action.

To achieve this goal, the article sets out to accomplish the following tasks:

- analyze the financial and economic essence of sanctions and sanctions policy as an instrument of state influence on economic processes in conditions of martial law;
- to study the evolution and current state of the regulatory and legal framework for the introduction and implementation of sanctions in Ukraine;
- to identify the main reasons for applying sanctions to business entities and to classify the types of sanctioned actions, taking into account their financial and economic consequences;
- identify key issues in the legal regulation of sanctions, in particular the fragmentation of legislation, the complexity of procedures, and the level of legal uncertainty for businesses; summarize the characteristics of businesses subject to sanctions, taking into account industry, organizational, legal, and financial and economic specifics;
- assess the impact of sanctions restrictions on the financial and economic activities and economic security system of enterprises; justify a set of management tools for adapting to and minimizing economic risks in the context of sanctions and martial law;
- formulate practical recommendations for enterprises and public authorities on improving the effectiveness of sanctions policy and ensuring the economic stability of economic entities in crisis conditions.

METHODS

The study uses a combination of general scientific and special methods of cognition as its methodological basis financial, economic, and legal processes, ensuring a comprehensive approach to their study impact of sanctions policy on economic activity and the security of enterprises in conditions of martial law. The use of an interdisciplinary approach ensured the combination of the tools of economic theory, management theory, and legal science, which made it possible to comprehensively assess sanctions as an instrument of state regulation and a factor of economic risks for business entities.

Methods of analysis and synthesis were used to study the nature of sanctions policy and assess its role in public administration, and generalize scientific approaches to interpreting the economic and legal consequences of sanctions. Using inductive and deductive methods, logical generalizations were formed regarding the impact of sanctions restrictions on the financial and economic activities of enterprises and their economic stability in wartime.

The method of systematic analysis was used to study the regulatory and legal framework of sanctions policy in Ukraine as an integrated system of interrelated legal norms, institutions, and mechanisms for implementing sanctions in conditions of martial law.

DOI: 10.55643/fcaptp.2.67.2026.5175

The formal-legal method was used to analyze existing legislative and subordinate regulatory acts governing the procedure for imposing, applying, and lifting sanctions, as well as to identify gaps, conflicts, and contradictions in legal regulation.

Economic and statistical methods, in particular grouping and generalization, made it possible to systematize information on enterprises subject to sanctions, taking into account the industry, organizational, legal, and scale structure of their activities.

The comparative method was used to compare different types of sanctions and assess their differentiated impact on the economic activities of enterprises in crisis conditions.

The risk assessment method was used to identify key economic threats and uncertainties arising for enterprises in a sanction's environment, as well as to justify management decisions on adapting to restrictions and minimizing negative consequences.

Elements of situational and strategic analysis were used to formulate practical recommendations on the selection of management tools, anti-crisis measures, and improving the economic security of enterprises.

The information base for the study consisted of the norms of Ukrainian national legislation, official materials from government authorities, statistical and analytical data, as well as scientific works by domestic and foreign researchers on the issues of sanctions policy, economic security, and enterprise management in conditions of crisis and martial law. The methodology used ensured the validity of the conclusions and the practical orientation of the research results.

The study analyzed individual companies operating in Ukraine that are or were subject to sanctions imposed by the National Security and Defense Council, for which officially published data is available in open state registers. These businesses were used only as examples to show how sanctions can affect companies, without generalizing the findings to all businesses.

RESULTS

Sanctions policy under conditions of martial law has acquired a systemic character and has become one of the key instruments of financial and economic legal influence aimed at ensuring national security and restricting the financial and economic capabilities of the aggressor state. The implementation of sanctions mechanisms significantly transforms the conditions under which enterprises conduct economic activities, shaping a new operational environment characterized by an increased level of legal, financial, and operational risks.

At the same time, the multi-level and dynamic nature of the regulatory framework governing the sanctions sphere, the combination of national and international restrictive measures, as well as the specifics of their practical application, complicate the processes of strategic planning and corporate management. To begin with, it is necessary to define the concept of a "sanction." According to the Law of Ukraine "On Sanctions," sanctions are a set of special economic and other restrictive measures aimed at ensuring national security, protecting the sovereignty and territorial integrity of Ukraine, countering terrorist activities, as well as preventing violations and restoring violated rights and legitimate interests of citizens and the state (On Sanctions, 2014).

By their legal nature, sanctions are public-law measures and are applied in accordance with the procedure established by law to entities whose actions threaten the national security of Ukraine or contradict its economic interests. The main classification of sanctions is presented in Table 1.

Thus, sanctions restrictions may be considered within two interrelated dimensions. On the one hand, they function as an instrument of state control and counteraction against illegal financial operations and unlawful activities that violate the requirements of current legislation, facilitate shadow schemes, concealment of funds, tax evasion, legalization of proceeds of crime, as well as the financing of terrorist activities or other threats to national security. In this context, sanctions perform preventive and deterrent functions aimed at ensuring financial transparency, enhancing the effectiveness of financial monitoring, and minimizing systemic risks to the national economy.

On the other hand, the application of sanctions restrictions may result in the full or partial suspension of enterprise activities, limitation of access to financial resources, sales markets, and material and technical inputs. This directly affects the operational performance of business entities, the fulfillment of contractual obligations, the timely payment of wages to employees, production processes, product sales, and revenue generation. As a result, sanctions acquire not only a legal but also a substantial economic dimension, influencing the financial resilience of enterprises, the level of business activity, and their capacity to adapt to the conditions of martial law. This, in turn, necessitates the implementation of effective mechanisms for sanctions risk management and the strengthening of economic security in business operations.

Table 1. Classification of Sanctions and Their Impact on Enterprise Activit. *(Source: compiled by the authors based on regulatory and analytical sources – Chepulchenko & Monarshuk, 2022; Komarnytska & Zaiats, 2022; Andiojaya, 2025; Pro sanktsii, 2014; Sankciyi zastosovani do pidpriyemstv, 2026)*

Classification Criterion	Type of Sanction	Regulatory Content	Implications for Enterprise Activity
Economic orientation	Asset freezing; trade restrictions; transit prohibitions	Temporary restriction of ownership, use, or disposal of assets; prohibition or limitation of import and export operations; restrictions on the movement of goods and resources	Reduced liquidity and financial stability; suspension of foreign economic activity; increased transaction and logistics costs
Financial constraints	Restrictions on financial transactions; exclusion from privatization and leasing	Prohibition of foreign exchange operations, lending, and investment activities; exclusion from participation in state-led economic processes	Limited access to financing; loss of investment opportunities; revenue decline
Corporate and contractual impact	Suspension of contractual obligations; revocation or suspension of licenses	Termination or suspension of contracts; loss of authorization to carry out specific types of economic activity	Disruption of contractual relations; deterioration of business reputation; partial or complete cessation of operations
Market access	Technology transfer bans; investment and public procurement restrictions	Restrictions on access to innovations, know-how, and public contracts	Decline in competitiveness; loss of market opportunities and revenue streams
Legal status and scope	Special economic and restrictive measures (individual or sectoral)	Application of targeted or sector-wide sanctions in accordance with national legislation	Systemic negative effects on operational, financial, and strategic performance

In addition to the Law of Ukraine "On Sanctions" (On Sanctions, 2014), a significant role in the implementation of sanctions measures is played by the Law of Ukraine "On National Security of Ukraine," which defines sanctions as one of the instruments for protecting national interests and establishes the general legal grounds for the application of economic and financial restrictions to business entities whose activities pose a threat to national security (On National Security of Ukraine, 2018). The Law of Ukraine "On the National Security and Defense Council of Ukraine" regulates the procedure for adopting and implementing decisions on the application of sanctions, including their impact on enterprises and corporate structures (On the National Security and Defense Council of Ukraine, 1998).

Furthermore, the Law of Ukraine "On Foreign Economic Activity" provides for sanctions in the field of foreign economic operations, including the introduction of individual licensing regimes or the temporary suspension of foreign economic activity of business entities (On Foreign Economic Activity, 1991). The Law of Ukraine "On Prevention and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing, and Financing of the Proliferation of Weapons of Mass Destruction" effectively complements the sanctions mechanism through financial monitoring instruments, asset freezing, and enhanced requirements for the business reputation of enterprises (On Prevention and Counteraction to Legalisation, 2019).

Regulatory influence on sanctions processes is also exercised through the provisions of the Law of Ukraine "On Banks and Banking Activity" and the Law "On Payment Services," which establish restrictions on financial transactions, the opening and maintenance of accounts of sanctioned persons and enterprises (On Banks and Banking Activity, 2000; On Payment Services, 2021). The Law of Ukraine "On Licensing of Types of Economic Activities" is of particular importance, as sanctions decisions may lead to the suspension or revocation of licenses, directly affecting the ability to conduct business activities (On Licensing of Types of Economic Activities, 2015).

In addition, sanctions processes are indirectly regulated by the Commercial Code of Ukraine and the Tax Code of Ukraine, whose provisions determine the consequences of restrictive measures for the performance of commercial obligations, taxation, financial liability, and state supervision over enterprise activities. Taken together, these legal acts form a comprehensive regulatory environment for the implementation of sanctions policy in Ukraine, which necessitates continuous monitoring of legislative changes by enterprises and the introduction of effective sanctions compliance mechanisms (Commercial Code of Ukraine, 2003; Tax Code of Ukraine, 2010).

According to the State Register of Sanctions, as of early 2026, a total of 21,135 entities (residents and non-residents) are subject to sanctions imposed by the Office of the National Security and Defense Council of Ukraine (State Register of Sanctions) (Figure 1), of which only 9,195 are legal entities.

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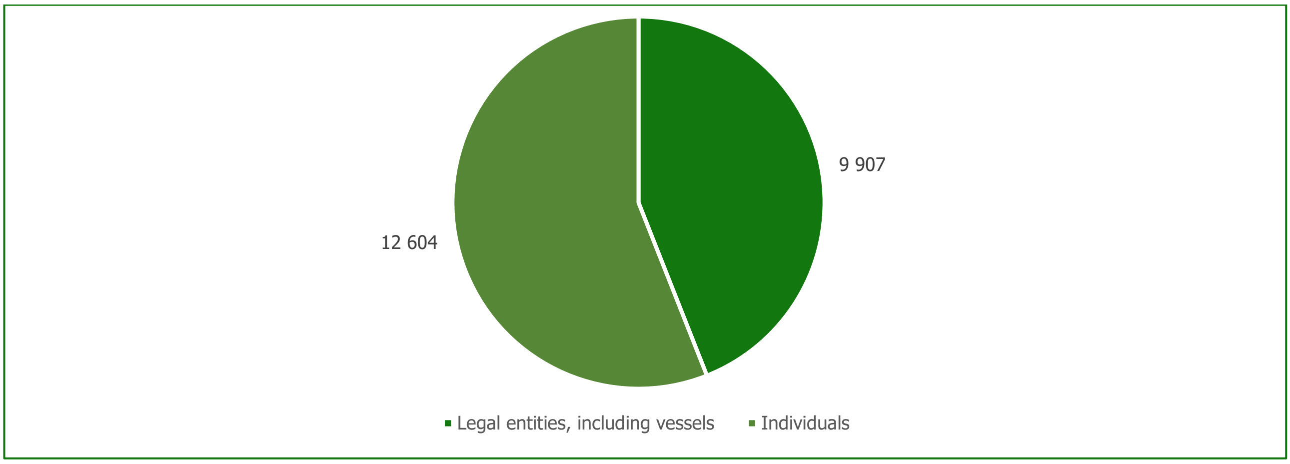

Figure 1. Number of sanctioned entities as of early 2026. *(Source: Derzhavnij reyestr sankcij)*

Moreover, the main types of sanctions imposed on legal entities include: asset freezing; restrictive measures include: regulation of trade operations; partial or complete suspension of transit of resources, flights, and transportation through the territory of Ukraine; prevention of capital outflow abroad; suspension or termination of economic and financial obligations; cancellation or temporary suspension of licenses and other permits; prohibition of participation in privatization and lease of state property; restrictions on the use of radio frequency spectrum; termination of electronic communications services and network use; prohibition of participation in state and defense procurement; restrictions on the entry of foreign military and non-military vessels into territorial waters; total or partial prohibition of securities transactions; prohibition of the issuance of permits and licenses by the National Bank of Ukraine (including investments, placement of currency values, export or import of valuables); prohibition on the registration by the National Bank of Ukraine of non-resident international payment systems; prohibition on increasing the amount of authorized capital; termination of trade agreements; prohibition on the transfer of technologies or intellectual property rights; termination of international treaties; cancellation of official visits; and other restrictive measures (State Register of Sanctions).

During 2025, nearly 200 Ukrainian enterprises were included in the sanctions list of the National Security and Defense Council of Ukraine, to which various restrictive measures were applied. At the same time, the dynamics of the expansion of the sanctions list remain high: in 2024 alone, 123 enterprises were added to the list, and for more than half of the sanctioned enterprises, the duration of restrictive measures has been established until 2027 (Figure 2).

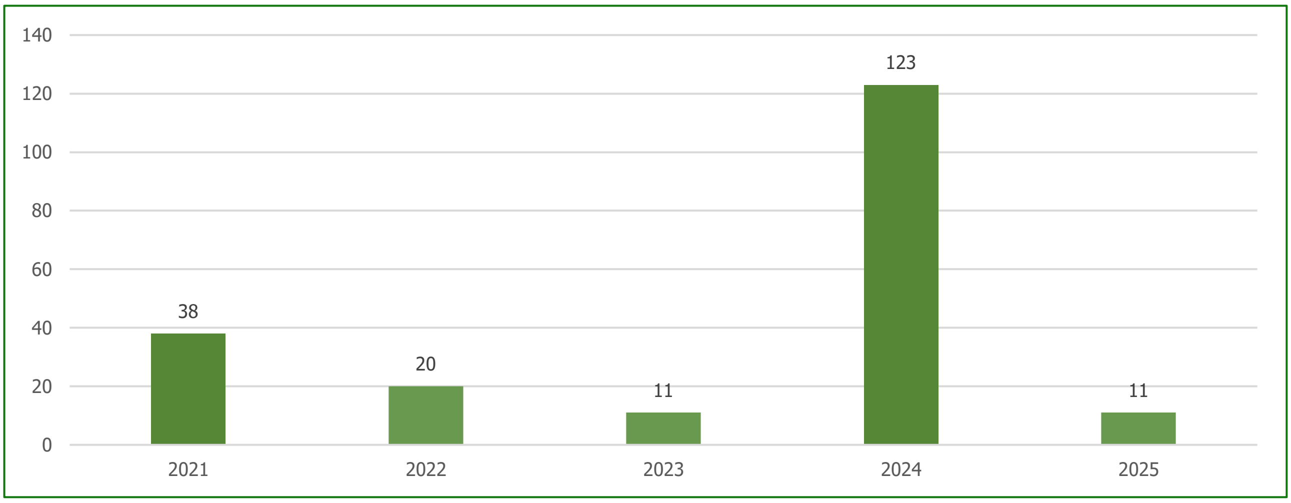

Figure 2. Number of companies included in the sanctions list during 2021-2025. *(Source: compiled by the authors based on data from Derzhavnij reyestr sankcij; Sankciyi zastosovani do pidpriyemstv; Sankciyi RNBO)*

At the same time, an analysis of the financial indicators of individual sanctioned enterprises shows that the restrictions imposed do not always lead to a complete cessation of economic activity. According to the financial statements for 2024, the total revenue of the largest company on the sanctions list exceeded UAH 1.9 billion, which confirms that certain entities retain significant economic potential even under sanctions regimes. The leader in terms of declared income was Ukr Game

Technologies, which operated under the Pin-Up brand, with an income of UAH 1.97 billion. Other companies also declared relatively lower but economically significant results, in particular Vysokovoltny Soyuz-RZVA (UAH 71.3 million), Mashzavod (UAH 56.7 million), Tysagaz (UAH 41.1 million), and Avto-Mat (UAH 19 million).

The dynamics of profitability for all companies subject to sanctions is shown in Figure 3.

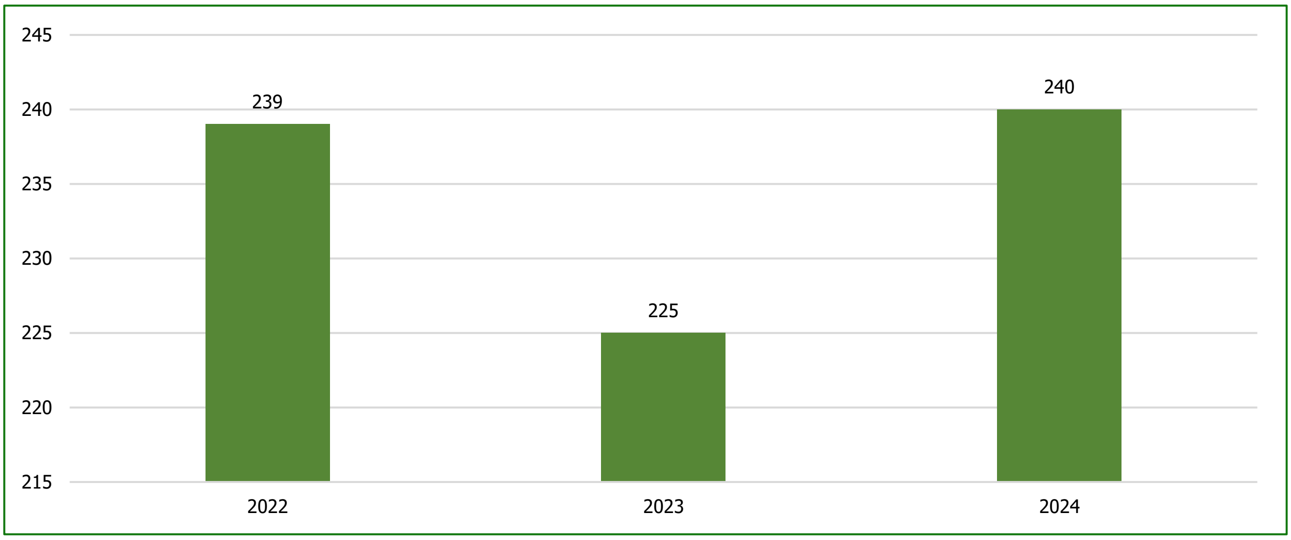

Figure 3. Dynamics of revenues of sanctioned companies in Ukraine during 2022-2024, billion UAH. *(Source: You-control)*

According to the National Security and Defense Council, in 2022, 410 sanctioned companies declared total revenues of over UAH 239 billion, in 2023, 359 companies declared revenues of UAH 225 billion, and in 2024, UAH 240 billion, which indicates the uneven and generally downward impact of sanctions on business financial results. It is also worth noting that sanctions policy and business activities are constantly influenced by negative economic and political factors, currency fluctuations, and logistical constraints.

At the same time, the process of generating future income and financial results for sanctioned companies can unfold in three main scenarios (see Table 2). It is important for companies to conduct a comprehensive analysis and seek ways to reduce the burden of sanctions, especially given the war, economic crisis, currency fluctuations, and other factors.

Table 2. Scenarios for the development of enterprises' activities under sanctions regimes.

Scenario	Characteristics	Likely Outcomes for the Enterprise
Baseline Scenario	Maintenance of current sanctions restrictions without significant strengthening or easing	Stabilization of enterprise operations at a new level, partial decrease in revenues, the need to optimize costs and revise the structure of business operations
Negative Scenario	Tightening of sanctions, expansion of restrictions on financial operations, foreign economic relations, and access to markets	Decrease in the financial stability of enterprises, reduction in production volumes and revenues, increased risk of losing sales markets and investments
Adaptive Scenario	Implementation of adaptation measures by enterprises: diversification of markets, changes in logistics chains, strengthening of internal control	Gradual recovery of economic activity, stabilization of financial indicators, mitigation of sanctions-related constraints, increased resilience

A spatial analysis of the location of sanctioned enterprises shows a significant territorial concentration of such entities in the capital (Figure 4).

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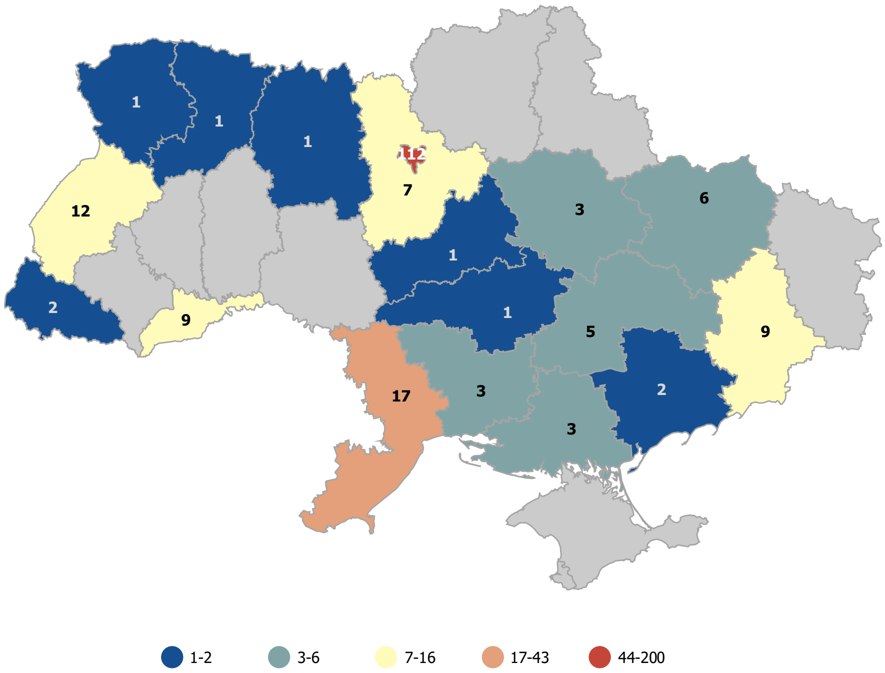

Figure 4. Concentration of sanctioned enterprises as of 2025. *(Source: Sankciyi RNBO)*

In particular, there are 112 Ukrainian companies located in Kyiv, which accounts for more than half of the total number of companies included in the sanctions list. A significantly lower concentration is observed in the regions: 17 companies in the Odesa region, 12 in the Lviv region, and 9 each in the Chernivtsi and Donetsk regions. Such regional asymmetry indicates an uneven distribution of the sanctions burden on the economies of the regions.

The most affected by the sanctions (Figure 5) are enterprises operating in the following sectors: wholesale trade (31%), construction (9.6%), information services and media production (4.1% each), and gambling (3.6%).

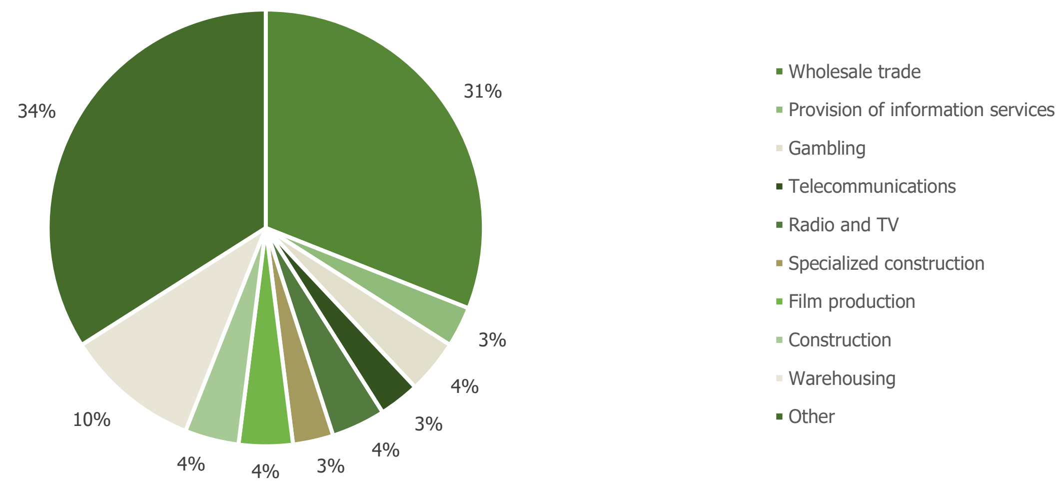

Figure 5. Areas of activity of sanctioned companies, %. *(Source: Sankciyi RNBO)*

As of early 2026, by Presidential Decree in Ukraine, the National Security and Defense Council decided to impose sanctions on 95 individuals and 70 legal entities, the vast majority of whom are citizens or residents of the Russian Federation and are involved in the implementation of the russian federation's state defense order and the activities of its defense-industrial complex, particularly in the fields of communications, electronic warfare, and microelectronics.

Sanctions restrictions have also been applied to enterprises in the chemical, extractive, metallurgical industries, and the fuel and energy complex of the Russian Federation, aiming to complicate the material and technical support of the defense sector and reduce production capacities in the field of armaments and military equipment. The implementation of these measures is accompanied by coordination of sanctions policy with international partners, which involves taking into account specific sanction positions in subsequent packages of restrictive measures adopted by the European Union (Sanctions applied to enterprises).

An analysis of the duration of sanctions restrictions on enterprises indicates a predominance of medium- and long-term approaches in the implementation of the state's sanctions policy. Specifically, for 103 enterprises, the duration of restrictive measures is set until 2027, which accounts for more than half of all sanctioned companies; for 10 entities, the term is until 2026; and 40 enterprises have significantly longer restriction horizons – until 2034. A separate group consists of enterprises subject to indefinite sanctions: there are 28 such companies, and for another 7 business entities, restrictions are set for an extended period – until 2073, effectively equating to a permanent sanction's regime.

At the same time, the sanctions list is characterized by certain dynamism, manifested in the gradual review and adjustment of applied restrictions. Throughout the entire period of the sanction's mechanism, sanctions have been lifted in accordance with established procedures for 32 enterprises, and for another 217, the sanctions expired due to the end of the designated term. It is noteworthy that among the enterprises removed from the sanctions list in 2024, several demonstrated significant financial performance, including M.S.L. with revenues exceeding UAH 310 million, Interim with nearly UAH 95.5 million, and Patriot with over UAH 43 million, which indicates the possibility of restoring economic activity following the cessation of sanctions restrictions.

Ultimately, the formation and implementation of Ukraine's sanctions policy towards domestic enterprises is determined by a combination of external and internal factors that determine the grounds, scope, and duration of restrictive measures (Figure 6).

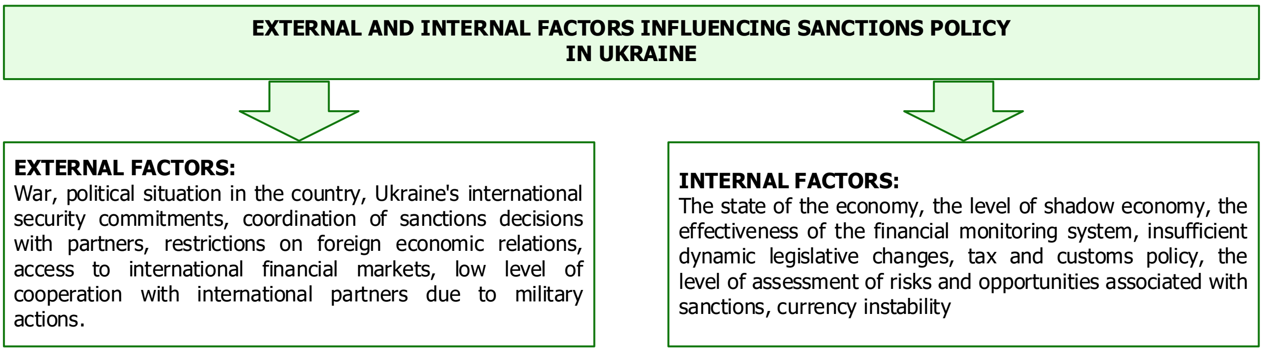

Figure 6. Factors influencing sanctions policy.

Among the main threats that lead to the application of sanctions restrictions on Ukrainian enterprises, are financial and economic cooperation with counterparties of the aggressor state, the use of complex corporate structures to conceal the ultimate beneficial owners, participation in tax evasion schemes, legalization of proceeds of crime, and circumvention of sanctions regimes. Additional threats include violations of currency regulation requirements, manipulation in the field of foreign economic activity, and the use of enterprises as instruments for financing activities that pose risks to national security. The combined impact of these factors and threats necessitates the improvement of certain aspects of sanctions policy, increased transparency in corporate governance, and the development of effective tools for managing sanctions risks at the enterprise level.

Enhancing the effectiveness of Ukraine's sanctions policy requires a comprehensive approach aimed at eliminating the fragmentation of the legal framework and strengthening institutional coordination. The following measures are particularly advisable:

- Systematization of sanctions legislation through the unification of terminology, clear definition of grounds, duration, and criteria for applying restrictive measures to business entities, taking into account contemporary challenges;
- Introduction of transparent procedures for reviewing and lifting sanctions and deeper integration of national sanctions policy with the regimes of the European Union and other international partners, which will minimize opportunities for sanctions evasion through alternative jurisdictions and increase overall economic effectiveness;
- Strengthening the analytical and preventive components of sanctions policy, including the development of a unified digital sanctions registry with detailed information on the grounds for their application, types, and economic consequences;

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- Expansion of the powers of regulatory authorities in monitoring corporate structures, beneficial ownership, and financial flows, allowing for timely identification of sanctions-related risks and their prevention.
- Improvement of sanctions management tools at the enterprise level should, in our view, include:
- Implementation of a sanctions compliance system as part of the overall enterprise risk management framework. This should involve continuous monitoring of sanctions lists, verification of counterparties and ultimate beneficial owners, risk assessment of foreign economic transactions and stock market operations, and internal corporate controls;
- Development of internal policies and procedures to ensure compliance with sanctions legislation, reducing the likelihood of indirect violations and inclusion in sanctions lists;
- Diversification of financial and trade linkages;
- Enhancement of corporate culture, transparency of corporate governance, and strengthening of internal control systems;
- Use of analytical and digital tools for assessing sanctions risks, as well as the involvement of legal expertise during contract negotiations, facilitating timely identification of potential threats.

The practical value of implementing an effective and fair system of sanctions, as well as the implementation of a sanctions compliance system, requires a comprehensive approach and coordination of actions at several levels of economic process management (Table 3).

Table 3. Implementation of a sanctions compliance system at different levels. *(Source: developed by the authors)*

Level of Implementation	Key Implementation Measures
State Level	Systematization of sanctions legislation, creation of integrated digital sanctions registries, ensuring coordination between state regulators and supervisory authorities, cooperation with international organizations and governments to prevent corruption risks, development of financial monitoring systems and control over beneficial ownership
Regional Level	Establishment of advisory and analytical centers, monitoring of sanctions risks, provision of informational and legal support to enterprises and assistance in their adaptation to sanctions restrictions, organization of training programs and seminars for businesses on compliance with sanctions legislation
Corporate Level	Identification of sanctions risks, due diligence of counterparties, internal audit of financial and foreign economic operations, development of internal compliance policies, monitoring of sanctions lists, staff training, use of digital systems for counterparty verification

Collectively, these measures enable enterprises not only to minimize the adverse effects of sanctions but also to establish a resilient behavioral model oriented toward economic security compliance and long-term stability under wartime conditions. Furthermore, through international cooperation, Ukraine can leverage the experience of developed countries with long-standing sanctions regimes. In the United States and European Union, sanctions policy relies on specialized agencies (e.g., OFAC, the European External Action Service) that provide centralized risk analysis, compliance monitoring, and clear accountability for violations — a model that could be adapted in Ukraine via a unified coordination center. An important aspect is the legislative establishment of mandatory sanctions compliance programs for enterprises in the financial, energy, and foreign economic sectors, following EU practice. In developed jurisdictions, the principle of the economic feasibility of sanctions is widely applied, which entails prior assessment of their impact on businesses and markets, thereby minimizing unintended negative consequences for the national economy. The use of digital tools for automated verification of counterparties and beneficial owners, similar to the sanctions scoring systems used in the U.S. and EU, will enhance the effectiveness of sanctions risk management at both enterprise and state levels.

An important aspect of improving sanctions policy is taking into account the experience of the institutionalization of sanctions policy, particularly the practices of the countries of the European Union, where a comprehensive system of sanctions compliance has been established at the level of state institutions and enterprises. In the EU countries, sanctions regimes operate within the framework of the EU's Common Foreign and Security Policy (CFSP), which provides for the centralized adoption of sanctions packages, their legal implementation within national jurisdictions, and mandatory compliance by business entities.

An important feature is that the European sanctions compliance system includes counterparty screening, analysis of beneficial ownership structures, monitoring of financial transactions, and management of sanctions risks. The European Commission recommends that enterprises implement comprehensive sanctions compliance programs that include risk assessment, internal control procedures, regular monitoring of sanctions lists, and verification of business partners.

The practice of enterprises in the European Union shows that restrictions may include the freezing of assets, limitations on financial transactions, and bans on the export of certain goods and technologies, which contributes to enhancing the level of security in the international environment.

The EU's experience in the functioning of sanctions compliance involves several key approaches:

- the formation of a centralized system of sanctions regulation within the framework of the EU's Common Foreign and Security Policy, which ensures consistency in the application of sanctions across member states;
- the implementation of sanctions compliance systems at enterprises, including counterparty screening, analysis of beneficial ownership structures, and monitoring of financial transactions;
- the use of digital tools for sanctions list screening and the automation of financial transaction control systems;
- the existence of clearly defined judicial practice regarding the appeal of sanctions decisions, which increases legal certainty for business entities;
- strengthening the liability of enterprises for violations of sanctions regimes, including financial penalties and restrictions on economic activities.

DISCUSSION

Focusing on the studies by D. P. Ahn and R. D. Ludema (Ahn & Ludema, 2020), as well as M. Crozet and J. Hinz (Crozet & Hinz, 2020), it is appropriate to note that these authors conducted significant research on identifying differences in cost structures, operating revenues, asset values, and numbers of employees in sanctioned companies compared to non-sanctioned firms in the EU and the United States.

The practical dimension of research on international companies is presented in the work of K. E. Moscevenko (Moscevenko, 2023), which enables a comparison between domestic and international experience, provides an assessment of the level of sanctions policy in Ukraine and in developed countries, and outlines possible directions for mitigating the sanctions impact on domestic business in the future.

The study by O. Aliasgar and E. L. Rose (Aliasgar & Rose, 2023) is also highly relevant and practice-oriented, as it demonstrates the experience of international organizations subject to sanctions restrictions and substantiates proposals on how to adapt, respond, and operate under conditions of economic and legal constraints.

The applied character of the research by Andiojaya Agung (Agung, 2025) lies in its examination of anti-money laundering (AML) programs as instruments for tracking illicit financial transactions and the laundering of illegally obtained proceeds. This is particularly relevant for Ukrainian enterprises, especially in relation to businesses previously linked to the aggressor state and unlawful financial ties that require continuous monitoring and analysis.

We support the findings of M. Kashchuk, V. Gapchich et al. (Kashchuk & Gapchich et al., 2023), I. Komarnytska, O. Zaiats et al. (Komarnytska & Zaiats et al., 2022), and D. Novikov (Novikov, 2024), who assessed the role of improving regulatory and legal frameworks governing business entities as a key component of transparency, economic security, and stability, particularly in the context of war and crisis, taking into account ongoing economic fluctuations and restrictions.

The research of A. Shevchenko and A. Chakalov (Shevchenko & Chakalov, 2025) focuses on legal and financial risks arising from digital business transformation, which affect performance indicators and security levels and, in our view, constitute one of the drivers of illicit operations that may lead to sanctions exposure, especially given persistent cyberattacks and digital crime.

The results obtained by H. H. Thein, A. Grosman, S. Sosnovskikh, and A. Klarin (Thein & Grosman et al., 2024) expand scholarly understanding of how international companies choose operational strategies under sanctions conditions; however, they do not sufficiently account for the experience of companies operating under simultaneous economic and political constraints combined with significant military risks.

In summary, sanctions restrictions have a negative impact on enterprises in developed countries-reducing their competitiveness, investment attractiveness, and overall profitability—as well as on Ukrainian enterprises, which are affected by a wide range of adverse factors that lower their level of economic security and limit their market activity. Therefore, the uniqueness of this article lies in the comprehensive combination of legal, financial, economic, and security approaches to the analysis of sanctions policy specifically in conditions of martial law, which allows sanctions to be viewed not only as an instrument of international influence, but also as a multi-level factor in the transformation of enterprise management and the regulatory environment. Unlike existing studies, this paper focuses on the interconnection between sanctions regimes,

DOI: 10.55643/fcaptp.2.67.2026.5175

state control mechanisms, compliance tools, risk management, and internal management decisions of enterprises in the Ukrainian context, taking into account military, digital, and financial threats. This makes it possible to develop an applied model for adapting businesses to sanctions restrictions and to propose management and legal tools for reducing risks and increasing the economic stability of business entities, which broadens the scientific discussion and has direct practical value for regulators and business leaders.

CONCLUSIONS

Summarizing the results of the study, it should be noted that sanctions policy under conditions of martial law and economic instability functions as a multidimensional instrument of state influence that produces direct financial and economic consequences for business operations and the level of their economic security. The analysis conducted demonstrates that the causes and types of sanctions applied to business entities in Ukraine are complex in nature and are driven by security, financial, institutional, and managerial factors, which increases uncertainty in the business environment. The principal legislative act regulating sanctions policy in Ukraine is the Law of Ukraine "On Sanctions." It has been established that the current system of legal regulation of sanctions in Ukraine is characterized by fragmentation and procedural complexity, which complicates their practical implementation and the adaptation of businesses to restrictive measures. The main grounds for the imposition of sanctions in Ukraine include threats to national security; financing of terrorism; involvement in armed aggression related to military actions in Ukraine; violations of financial monitoring requirements; tax evasion; and non-transparent ownership structures.

The study results confirm that sanctions restrictions affect corporate financial risks differently depending on sectoral affiliation. In particular, the highest share of sanctioned entities is observed in wholesale trade (31%), construction (9.6%), information services and media production (4.1% each), and gambling (3.6%), as well as depending on revenue structure and participation in international trade operations. The most common sanctions imposed by the National Security and Defense Council of Ukraine on domestic enterprises are asset freezes and trade restrictions, which significantly complicate operational activities under current conditions. It is substantiated that effective sanctions risk management requires the implementation of comprehensive managerial instruments, including financial planning, sanctions compliance systems, counterparty diversification, and strengthened internal controls. The practical significance of the findings lies in their applicability both for domestic enterprises in maintaining financial resilience and for public authorities in improving sanctions policy with due regard to its economic consequences. Prospects for further research should be associated with analyzing the possibilities of adapting and applying the experience of developed countries in sanctions regulation and economic risk management during the post-war recovery period of Ukraine.

Prospects for further research should focus on an in-depth interdisciplinary analysis of the effectiveness of sanctions mechanisms in combination with corporate governance tools, digital compliance systems, and enterprise economic security frameworks. Particular attention should be given to empirical studies of the long-term impact of sanctions on financial resilience, investment behavior, and market structure, as well as the development of predictive models for sanctions-related risks using analytical and OSINT-based approaches. Another important area involves improving the procedures for legal regulation and enforcement of sanctions, harmonizing national legislation with international sanctions regimes and compliance practices, and developing managerial adaptation methodologies for enterprises during the post-war economic recovery period and Ukraine's integration into the European economic and legal space.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

FUNDING

The Authors received no funding for this research.

CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

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ВПЛИВ САНКЦІЙНОЇ ПОЛІТИКИ НА ЕКОНОМІЧНУ ДІЯЛЬНІСТЬ І БЕЗПЕКУ ПІДПРИЄМСТВ: ПРОБЛЕМИ ПРАВОВОГО РЕГУЛЮВАННЯ ТА ІНСТРУМЕНТИ УПРАВЛІННЯ В УМОВАХ ВОЄННОГО СТАНУ

Мета дослідження полягає в комплексному вивченні санкційної політики як інструмента державного регулювання в умовах воєнного стану шляхом аналізу чинної нормативно-правової бази, що визначає порядок запровадження та реалізації санкцій, а також у виявленні проблем правового регулювання й обґрунтуванні інструментів управління економічною діяльністю підприємств із метою мінімізації негативних наслідків санкційних обмежень та узагальненні характеристик підприємств, до яких застосовано санкції в умовах економічної кризи та війни. Систематизовано нормативно-правові засади реалізації санкційної політики в Україні та охарактеризовано особливості її застосування в умовах воєнного стану. Визначено основні проблеми правового регулювання санкцій, пов'язані з фрагментарністю законодавства, складністю процедур застосування та обмеженою правовою визначеністю для суб'єктів господарювання. Узагальнено ключові характеристики переліку підприємств, щодо яких застосовано санкційні обмеження, з урахуванням галузевої та організаційно-правової структури, а також окреслено напрями управлінського реагування підприємств у межах чинного правового поля. Наукова новизна полягає в поєднанні економічного та правового підходів до дослідження санкційної політики в умовах воєнного стану, а також виокремлення проблем правового регулювання та управлінських аспектів функціонування підприємств у санкційному середовищі, розроблення основних інструментів зниження ризиків отримання санкцій підприємствами в умовах економічної та політичної нестабільності. Отримані результати можуть бути використані підприємствами в процесі розробки управлінських та антикризових рішень в умовах санкційних обмежень, а також органами державної влади під час удосконалення нормативно-правового забезпечення санкційної політики та механізмів підтримки економічної діяльності протягом воєнного періоду.

Ключові слова: санкції, санкційна політика, правове регулювання, економічна діяльність підприємства, воєнний стан, економічні ризики, управління, підприємства, обмеження фінансово-господарської діяльності

JEL Класифікація: K20, K23, H12, F52, D81, L20