Digital Technologies as a Tool for the State Regulation of Conflicts in the Economic Sphere of Social Life

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Abstract

The study aims at determining the main directions for the development and application of digital technologies in the regulation of economic conflicts. Within digital space, such conflicts are difficult to regulate due to the lack of close interaction among organizations and different interests. The negative consequences of conflicts can have an impact on the economy of a particular country or world community as a whole. Therefore, it is necessary to study tools that can prevent and resolve such conflicts. The state is of great importance in the regulation of economic conflicts as its toolkit comprises legal and organizational mechanisms to resolve conflicts.

Keywords


Introduction

The formation and development of new information technologies are closely associated with the transformation of society. As a result, all spheres of social life get affected by digital technologies. When new digital technologies are introduced into the economy, several new intangible products are formed, i.e. information and communication. Scientific and academic community utilize such concepts as "digital society", "digitalization of economy", "digital technologies" and "information intermediary".

Today, digitalization falls beyond the scope of a technical difficulty and includes a wide range of socio-cultural, economic and political aspects, which determines the urgent need to adequately assess its impact on society. The capitalist mode of production and profit-oriented money exchange are replaced with non-capitalist forms of ownership based on information. Information offers wide opportunities for people, forms collective
access and encourages people to be self-organized on the Internet. At the same time, a programming language, code and data become the object that people want to own. Consequently, new forms of human interaction in "digital space" stipulate the emergence and development of conflicts.

Economic conflicts are a special type of conflicts that arise in the system of economic relations. The main parties to conflicts are persons and entities involved in the economic environment, including financial organizations, state and individuals. Parties to economic conflicts are social forces capable of not only aggravating such conflicts, but also of promoting their regulation and resolution.

Each conflict needs to be settled down in its own way. There are manageable and unmanageable conflicts. Manageability is a quality typical of many social phenomena. Any social phenomenon is subject to influence, can be either manageable or unmanageable. The economy as a part of society can change and transform, which implies the need for timely managing all processes in this sphere. Being a process, a conflict should be timely recognized and regulated.

Methods

a. General Description

This study aims at determining the effective use of digital technologies in the regulation and resolution of economic conflicts.

The issues of regulating economic conflicts become relevant due to certain parties involved in such conflicts and the impact of digital technologies on the conflicts between state and business entities.

The main research methods were as follows: structural-functional analysis, institutionalism and the cartographic method.

Structural-functional analysis determines the main interconnections between economic conflicts and the external world, as well as shows how some elements of an economic conflict influence the others.

Institutionalism considers economic and non-economic issues of socio-economic development. Different institutes play their own role in achieving the country's
competitiveness and high living standards. Effective institutes serve as a prerequisite for sustainable economic development and social stability.

b. Algorithm

Throughout this study, the structural-functional approach allowed us:

- To determine the content and boundaries of such a phenomenon as an economic conflict.
- To identify certain components of economic conflicts.
- To classify the above-mentioned components into subgroups.
- To establish hierarchical links between the components, when the lower levels are subordinated to the upper ones.
- To detect the main substructures of conflicts, with economic conflicts as one of its subsystems.

According to D.S. North (1990), institutions are a set of rules, a matching procedure, moral and ethical behavior of individuals in the interests of society. The institutional approach used in this study allows us to highlight and trace the impact of institutions (in particular, state) on the development of the economic sphere of society, determine the specifics of institutional development and the role of state in the regulation of economic conflicts.

c. Flow Chart – Stages of Studying the State Regulation of Economic Conflicts
Results and Discussion

The Main Directions for the Development of Digital Technologies in the Context of Regulating Economic Conflicts

Economic conflicts promote positive social changes, i.e. they form social ties, develop cooperation and open new markets for goods and services. However, their potential negative consequences can destroy the country's economy. Thus, there should be specific tools and technologies to influence conflicts and regulate them. Before considering the use of digital technologies throughout the state regulation of economic conflicts, it is necessary to clarify the concepts of "economic conflicts" and "conflict regulation".

An economic conflict presupposes deliberate confrontation between the parties regarding the appropriation, disposal and use of material or financial resources, the organization and management of their production and distribution (Abdullaev, 2006). In addition, it can be defined as a clash or confrontation between two or more parties to economic relations.

Some scholars define this concept by describing its causes. Thus, economic conflicts are caused by living facilities, the use and redistribution of natural and other material resources, wage levels, the use of professional and intellectual potential, the level of prices for goods and services, the access to and distribution of non-material benefits (Kondrashenko, 2013).

A conflict situation arises when parties to some relations recognize the incompatibility of the existing contradictions and the impossibility of their settlement by any other means, thereby the actions of one party cause a response from the other, which gives rise to an open conflict.

While studying the phenomenon of economic conflicts, we revealed the following properties: subjectivity (it is impossible to create a universal social system to satisfy the interests of all persons and entities); transformation (it can move from one sphere of society to another); economic conflicts are a form of resolving contradictions (being constructive, they allow releasing negative elements and contributing to the further development of a situation).

An economic conflict is one of the ways to settle down (resolve) socio-economic contradictions. Based on goal-oriented and rational actions, an economic conflict makes its parties look for peaceful ways to resolve the disputes that have arisen.
Regulation can be regarded as an independent and integral stage of the process of management.

Firstly, conflict regulation is the activity of a third party aimed at influencing some conflict to change its development. According to several experts, regulation differs from conflict management, i.e. it is less organized, less predictable and, consequently, less efficient.

Secondly, conflict regulation is a way of influencing the conflicting parties to eliminate certain properties of their conflict based on the established relations and within the framework of the existing politics (including norms, traditions, etc.) (Glukhova, Rakhmanin, 2002).

In our opinion, regulation involves the use of the positive potential of conflicts, whose elements should turn into the benefit of social development.

As part of managing economic conflicts, it is important to pay attention to digital tools or technologies. In the course of their managerial activities, both state and business entities use digital technologies. It is worth noting that the same of them can be applied in different ways. Therefore, digital society needs to regulate the very application of these technologies to certain phenomena.

The regulation of digital technologies is interconnected with the regulation of economic conflicts. We believe that the well-intentioned use of digital technologies contributes to constructive interaction between the parties to economic relations at any level of the economy. On the contrary, the abuse of digital technologies can provoke conflicts.

Today, digital technologies develop in the following key areas: robotic automation, big data analysis, chatbots, artificial intelligence, augmented and virtual reality, the Internet, optical character recognition and blockchain. Digital technologies are actively implemented at the level of the state, individual organizations and enterprises.

According to some Russian scholars (KPMG, 2019), the most popular digital transformation tools are the robotic automation of business processes, the use of chatbots and big data analysis.

RPA (robot process automation) is robotic automation of office processes that allows to reduce the time needed for performing manual routine operations and increase operational efficiency from 40 to 80%, both by freeing up payroll and by reducing operational risks.
Chatbots are computer programs running inside an application that simulate text and speech. These are used to perform support functions, process requests and search for the necessary information as quickly as possible.

Big Data analysis affects the efficiency and productivity of companies. This technology is used to analyze large amounts of data and make forecasts. It fulfills such functions as statistical modeling, historical analysis and planning for results. In the context of conflicts, data analysis aims at considering conflicts and resolving them at the early stages of their development (United Nations department of political and peacebuilding affairs, 2019).

In our opinion, digital tools either prevent conflicts or mitigate the contradictions underlying them. To a greater extent, methods for resolving conflicts should aim at preventing conflicts rather than regulating an already existing conflict.

States play a significant role in regulating economic conflicts. They strive to use the creative potential of conflicts and turn its dynamic impulses into the benefit of social development. New information technologies are introduced with the active participation and coordination of states all over the world.

**The Role of the State in the Regulation of Economic Conflicts through Digital Technologies**

Let us consider the process of regulating economic conflicts step-by-step and determine the role of the state in regulating these conflicts.

The beginning of an open conflict and its development should be subject to regulation.

Conflict regulation as a managerial process has its own stages. The first stage is its recognition and identification, which is a difficult task. It is a common practice when one of the conflicting parties tries to conceal its actions and even denies the existence of a conflict. The recognition of a conflict facilitates its further explanation. The first difficulties in resolving any conflict, including an economic one, begin with its explanation.

The second stage is the institutionalization of conflicts, i.e. determining the rules and norms of its functioning and development. For example, the institutionalization of conflict relations between state authorities and monopolies (large corporations) in the digital economy is understood as the adoption of antimonopoly legislation regulating their activities and relations with government organizations.
In 2017, Google Inc. paid all the administrative fines imposed by the Federal Antimonopoly Service of the Russian Federation within the framework of its antitrust investigation (FAS Rossii, 2017).

Under the voluntary settlement on Android case adopted in April 2017, Google pledged to pay all the fines imposed by the relevant antitrust authority. The corporation also made several concessions and granted access to its operating system free of charge, i.e. all developers of Android-based applications became able to place their product on the home screen. It is worth noting that Google faced similar antitrust charges in the United States and the European Union.

The institutionalization of economic conflicts ensures their further functioning and development in the forms acceptable to society, as well as guarantees their relative predictability. On the contrary, a non-institutionalized conflict is unpredictable and cannot be controlled by the government.

The next stage of conflict regulation is its legitimization. During this stage, the conflicting parties should recognize the established norms and rules of conflict behavior and strictly observe them. The legitimization of a conflict is its integration into a recognized system of social order, regardless of its economic nature. Some scholars consider these facts and recommend to include conflict analysis into documents adopted by state bodies and establish special institutions for intervening into acute economic conflicts (Naumova, 2017).

This method of institutionalizing conflicts makes them rationalized, i.e. a spontaneous process is turned into organized. Such institutions have long existed and effectively functioned in developed economies. In recent years, Russia has developed institutions that resolve conflicts in the economic sphere (arbitration courts, referee's courts, etc.) and adopted the relevant legislation, for example, the Federal Law "On the alternative procedure of dispute resolution with the participation of a mediator (mediation procedure)", etc.

In the early March of 2019, the CEO of the Russian Direct Investment Fund Kirill Dmitriev was asked to become a mediator in the conflict between the shareholders of Vostochny Bank – the Baring Vostok private equity group (owns 51.62% of shares) and Artem Avetisyan (owns 32.02% of shares). It refers to the so-called "Michael Calvey case" who is the founder of the Baring Vostok private equity group and is currently under house arrest in Russia (RBC, 2019).
The current state policy plays a significant role in the regulation of economic conflicts in the context of digitalization.

In general, the field of intellectual property needs minimum regulation. Digital services or digital platforms are a new phenomenon in terms of technology that can build more complex relationships, quickly record them, fulfill obligations, receive and use intellectual deliverables. We should highlight such features of digital society as speed and complexity. In our opinion, the digital space is also conflict-prone.

Today, there has been a major change in areas that experience acute problems (giving rise to conflicts) and require the state's activity.

Firstly, it is the sphere of public services. In Russia, one of the key areas of the national program "Digital Economy" (2020) is the development of digital public administration. The constituent entities of the Russian Federation are also forming a unified infrastructure to provide state and municipal services and improve the efficiency of public administration. For instance, state registers patent rights by virtue of law but the form of service provision is not adapted to the requirements of real industries that rapidly change and digitalize. An engineering center turns a design solution into a three-dimensional model and sends it to production, while patent protection is issued many months later. Patent offices cannot interact with different business structures as they do not speak the language of business. According to some experts, state bodies take advantage of their registration monopoly and make business entities work in an inconvenient way (Borovikov, 2018). A barrier arises that must be eliminated; otherwise, the problem might result in a conflict. There are two solutions. The first possible solution is to transform and improve public service in question. The second solution is to bring it to market.

The key task of any state is to direct a conflict and eliminate its certain negative aspects, while limiting the impact of such a conflict on society. Indeed, the interest and activity of both parties to a conflict are important.

The second sphere is social policy based on the formation of a culture of openness and transparent interaction of market participants. The sphere of intellectual property is not transparent, which creates risks for investors, buyers and copyright holders. There is a crisis of confidence arises which can also become an obstacle for the interaction between state and business structures.
Digital technologies help to overcome crisis situations. According to IT specialist, the life span of intellectual property from the moment of its creation and each use case can be recorded and kept in a distributed register, which is beneficial to all market participants, including the state. In addition, big data analysis and preventive analysis of employees' activities through data leakage protection will help timely identify suspicious activities and prevent employees' misconduct and conflicts. For example, if an employee sends letters to a third party before initiating a tender, searches for job opportunities and collects information about the purchase of foreign assets, it can trigger an internal investigation.

In the new conditions of digitalization, the state needs to constantly interact with society and form its digital culture.

The state can actively apply new technologies in the spheres influenced by the so-called "human factor" (for example, patent examination). Such risks comprise elementary errors, unfair practices and corruption. As a result, they are conflict-prone. We believe that the state should become one of the most competent and qualified commissioners of technological social development.

States often monopolize decision-making in this sphere as part of their activities in the field of intellectual property. We should note that the state needs to stimulate rather than restrict the scope of intellectual property.

Conflict regulation is not the final stage of conflict management as some of its structural elements remain. However, regulation forms the initial stage of conflict resolution.

Conflict resolution is a stage in the process of regulation. All regulatory actions constitute either the prerequisites for resolving the conflict in question or the actual moments of this process.

There are different models for resolving conflicts in the economic sphere, including "winner-loser", "winner-winner" and "loser-winner". It is also advisable to use the concepts of "maximum gain", "minimum loss", "mutual gain", "loss-gain combinations", "synthesis of the conflicting opposites", etc.

These different forms realize various types of resolving an economic conflict: ending the conflict by destroying one of the parties or completely subordinating it to the other (forceful regulation); transforming the conflicting parties to coordinate their interests and positions on a new basis (negotiated regulation); reconciling the conflicting parties; destructing the conflicting parties. If the first or the last of these options is implemented,
the end of the conflict is accompanied by an intensification of the struggle. In case the other options are realized, the conflict gradually fades away.

**When assessing the effective use of digital technologies in the regulation of economic conflicts,** it is necessary to pay attention to the proper application of digital technologies and their prospects in conflict management.

In the era of social digitalization, the emergence and resolution of an economic conflict are associated with the difficulties common to the economy in transition. Furthermore, modern economy and digital economy are essentially the same thing. Economic difficulties give rise to complex relationships between persons and entities of different levels in digital space: state and corporations, state and people, producers and consumers.

We can conventionally identify the following obstacles that arise during the resolution of economic conflicts.

1. The blurred boundaries of property. On the one hand, Lake Baikal is the property of the Russian Federation as a whole and its constituent entities from the legal viewpoint. On the other hand, Lake Baikal is the world heritage from the environmental perspective. In this regard, the parties to environmental property relations are the inhabitants of certain territories, countries, continents and the planet as a whole.

2. Imperfect legislation and legal collisions. Legislation and law enforcement should correspond to modern conditions. Speed is the typical feature of digital society. In this context, it is important to reconsider the concept of intellectual property rights within the digital economy. States should enable industries to form their own standards for the circulation of intellectual property rights and objects and support the creation and development of services in this area. The best practices should be validated as standards and public services should be combined with digital solutions generated by industries. Such standards should also be global as their spread will open up export opportunities for creative industries (VIII Moskovskiimezhdunarodnyi forum, 2019).

The program "Digital Economy" includes several initiatives that simplify and stimulate the development of the digital market for intellectual property. Such initiatives comprise tax cuts for exporters of intellectual property and other objects, as well as the elimination of barriers to the use of intellectual property as a security deposit for obtaining loans. The latter is especially important for providing technological access to foreign markets. The state is obliged to support these digital technologies throughout all stages, namely, the
development of legislation, the formation of sales markets and support at international trading platforms.

3. The crisis-ridden Russian economy. The key factor in forming the modern digital economy is the policy of protectionism and import substitution. Russia rarely applies it and hardly protects developers and manufacturers by means of law.

4. The low income of the population. Thus, the state needs to pursue a consistent social policy.

5. The lack of state bodies for resolving various categories of conflicts in different sectors of the economy. At the same time, the creation of a specialized court for intellectual rights a few years ago became an important milestone since it helped to solve many problems in this sphere (Sud po intellektualnympravam, n.d).

6. The lack of foreign experience (most conflicts are typical only of Russia and the CIS countries). In this case, it is vital to ensure the exchange of experience between countries in the field of digital transformation (Ludinova, 2020).

Thus, many factors hinder digital development. To overcome the existing problems, not only the state but also the business community should participate in the process. Each state decides how digital technologies can and cannot be used. Each country develops its own approach to conflict regulation. Using modern solutions, we can control information and perform regular monitoring. Moreover, the state works together with representatives of the business community. Supported by the state, the largest social online services have introduced the ability to track the spread of rumors and inaccurate information about diseases into their products. For instance, Tencent, the developer of the most popular Chinese messenger WeChat, has launched a system to automatically monitor coronavirus-related content (RBC, 2020).

Conclusion

Modern states regard digital transformation as a real opportunity to increase workforce productivity, develop economy and business. Along with the business community, the state uses modern technologies in its daily activities. New technologies can have a real economic impact on all institutions and organizations. However, digitalization can be not so expensive. According to several experts in the field of new information technologies, the preconditions for digitalization in Russia are a decrease in the cost of technology and computing capacity, as well as an increase in the availability of high-speed data transmission.
Being associated with the production and distribution of vital goods in conditions of limited resources, social relations are the sphere where economic conflicts emerge and exist. In other words, the economic sphere of social life inevitably gives rise to conflicts.

Conflicts in the digital economy arise on a daily basis, which necessitates the revision of the established rules and laws. The adopted rules, norms and laws often do not keep pace with the rapidly forming digital technologies, new forms of communication, knowledge production and information dissemination. As a result, digital space complicates and turns into a difficult-to-control sphere. However, it is worth mentioning that the Internet is a large platform for creative interaction of people aimed at the development of innovations and the production of intellectual products. This is a future valuable resource for the development of society.

We believe that economic conflicts should be regulated in real life. Digital technologies can only complement and facilitate the process of conflict regulation but they do not replace mediators and parties to such conflicts. At the same time, digital technologies can be applied to some conflicts in the sphere of economic relations. In this case, the state decides what technology is better to use.

The real functioning of digital tools is possible due to the joint activities of state and business institutions.

Firstly, the state has regulatory powers in relation to persons and entities involved in economic relations. Secondly, large companies, including corporations and financial institutions partially owned by state realize the importance of new information technologies for the development of the country’s economy, show interest in the accelerated implementation of national projects on digitalization and are willing to support this digital trend.

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