



---

## THE IMPORTANCE OF USING ARTIFICIAL INTELLIGENCE IN RESOLVING CORPORATE DEADLOCK SITUATIONS

Yuldashev Jahongir Inomovich

Head of the Department of Business and corporate law" at  
Tashkent State University of Law, Doctor of Legal Sciences, Professor  
jahongir.civilist@gmail.com

---

### Abstract

Corporate deadlock is a situation where the decision-making process within a company becomes stagnant, and strategic decisions cannot be made due to disagreements between management bodies or stakeholders. Such stagnation increases the risk of severe consequences, including decreased investment attractiveness, operational delays, economic losses, increased legal disputes, and the possibility of company reorganization or liquidation. This issue has been specifically highlighted in the agenda for improving civil legislation in Uzbekistan: the task is to establish mechanisms for resolving corporate deadlocks when owners of equal share packages disrupt the company's activities. The article systematizes the organizational, legal, and cultural causes of corporate deadlock (conflicts of interest, stagnation of corporate culture, low information transparency, lack of internal conflict resolution mechanisms). Additionally, it comments on contractual instruments used in shareholder agreements such as "Texas shoot-out", "Dutch auction" and "Russian roulette" as well as legal doctrines explaining corporate disputes. As the main scientific innovation, the concept of "Corporate Artificial Intelligence Mediation" (Artificial Intelligence Corporate Mediation Theory) is proposed, which substantiates that artificial intelligence (AI) can assist in resolving corporate deadlocks by conducting a neutral analysis of the balance of interests, developing scenarios, and monitoring the implementation of agreements.

**Keywords:** Corporate deadlock; corporate governance; corporate agreement; mediation; artificial intelligence; information security; shareholders.



*Modern American Journal of Business,  
Economics, and Entrepreneurship*

ISSN (E): 3067-7203

Volume 2, Issue 2, February, 2026

Website: [usajournals.org](http://usajournals.org)

*This work is Licensed under CC BY 4.0 a Creative Commons  
Attribution 4.0 International License.*

---

## **Introduction**

Today, the integration of artificial intelligence (hereinafter referred to as AI) into corporate governance is rapidly evolving from a futuristic concept (a creative vision based on modern technologies, scientific discoveries, and social trends) to reality. The utilization of AI technologies implemented in corporate governance is expanding, offering advantages in business decision-making processes, data coordination, and risk management.

In our country, a number of effective measures are being implemented in this area. One of the priority tasks is to position Uzbekistan among the leading innovative developed countries by 2030 through the development of the digital economy. As AI technologies are seen as a driver of development in the near future, Uzbekistan is also establishing important measures in this direction.

In corporate governance practice, “corporate deadlock” refers to a situation characterized by the suspension of the decision-making process, which directly threatens the stable operation of the company. This situation often arises as a result of prolonged disagreements between shareholders, voting deadlocks due to disputes between equal stakeholders, or ambiguity in the boundaries of authority between the general meeting of shareholders, the supervisory board, and the executive body.

The strengthening of legal regulation of corporate relations at the state policy level further increases the relevance of this issue. In particular, the Concept for Improving Civil Legislation defines the tasks of including corporate relations within the scope of the Civil Code, introducing the institution of “corporate agreement” and establishing mechanisms for resolving corporate deadlock when owners of equal share packages disrupt the company's activities.

Effective use of the mediation institution, relying on the principles of “impartiality”, “independence” and “parties' consent” in resolving corporate disputes through conciliatory means is also important. It is difficult to solve the problem without taking into account the regulatory and legal “infrastructure” of corporate deadlock. The current legislation regulating corporate relations defines the organizational and legal forms of companies, the system of management bodies, and the decision-making procedure. In some cases, requiring a unanimous or qualified majority vote increases the likelihood of



*Modern American Journal of Business,  
Economics, and Entrepreneurship*

ISSN (E): 3067-7203

Volume 2, Issue 2, February, 2026

Website: [usajournals.org](http://usajournals.org)

*This work is Licensed under CC BY 4.0 a Creative Commons  
Attribution 4.0 International License.*

---

blocking decisions that lead to corporate tension. However, even this “filter” may not be effective.

At this point, it is possible to try to prevent tension by applying principles such as transparency, accountability, and balance of mutual interests to the corporate governance code.

Attributing the root of corporate crisis solely to “conflict related to human interests” is not a viable solution in today's world. Digitalization of the system, errors in information policy, lack of transparency, weakness of internal corporate control and monitoring systems, artificial resistance to modern corporate innovations, and stagnation of corporate culture can also lead to crises. Naturally, these factors are seen as limiting elements in innovative decision-making. From this perspective, the author of this article, relying on the model of an independent intermediary without corporate interests, attempts to substantiate the concept of mediation based on a technological solution - AI.

## **II. Methodology**

The article employs various methodological approaches. Specifically, the method of doctrinal (normative-legal) analysis is applied. Here, corporate crisis is defined as a legal category. In its formation, attention is given to voting rules, the powers of corporate governance bodies, and factors reflecting the significance of corporate documents. Additionally, through literature review and comparative analysis, contractual mechanisms aimed at resolving corporate conflicts (“Texas shoot-out”, “Dutch auction”, “Russian roulette”, “fireside chat” “gin and tonic clause”) and legal theories explaining corporate disputes are systematized. The article proposes the doctrine of “Corporate Artificial Intelligence Mediation” through conceptual modeling, defining its significance, essence, and potential.

## **III. Results**

Corporate crisis hinders the normal operation of the company. This process impedes corporate decision-making. The causes of this process are manifested in several factors. The first is associated with a constant conflict of interest between participants and governing bodies, as well as the inability to reach



*Modern American Journal of Business,  
Economics, and Entrepreneurship*

ISSN (E): 3067-7203

Volume 2, Issue 2, February, 2026

Website: [usajournals.org](http://usajournals.org)

*This work is Licensed under CC BY 4.0 a Creative Commons  
Attribution 4.0 International License.*

---

unanimous decisions. The second factor is related to resistance to or prevention of innovation in management, and the lack of financial, human capital, and ICT resources in modernizing corporate governance. In addition, errors in corporate information policy or lack of foresight, as well as lack of transparency resulting in distrust, can also be considered factors.

Communication, mediation, and corporate agreements play an important role in preventing and resolving corporate crises. Contractual means used in practice include mechanisms such as “texas shoot-out”, “dutch auction” and “russian roulette” as well as approaches like “fireside chat” which organizes negotiations with the participation of an independent mediator, and “gin and tonic clause” which stimulates internal agreement through the chairman of the board of directors (director). These mechanisms, in a certain sense, lead to the formation of immunity against corporate crises.

The article also discusses legal theories, concepts, and legal models that explain corporate conflict. Based on this analysis, the doctrine of "Corporate Artificial Intelligence Mediation" (Artificial Intelligence Corporate Mediation Theory) is proposed. The essence and significance of the new theory are revealed. As the expected positive effects of the proposed concept, the author highlights the issues of faster decision-making, well-founded analysis, and prevention of conflicts of interest.

#### **IV. Discussion**

Corporate crisis is a situation that negatively affects a company's activities and development, potentially leading to its liquidation. In some sources, corporate crisis is referred to as the “Dead-lock phenomenon”. Sh. Ruzinazarov focuses on the issue of resolving corporate crises among the tasks defined by the new concept of the Civil Code, the circumstances that need to be implemented, and issues related to the inventory of civil law norms (Sh. Ruzinazarov, 2022). Indeed, the Concept for Improving the Civil Legislation of the Republic of Uzbekistan also provides for addressing the issue of determining mechanisms to overcome corporate crisis situations when owners of equal share packages disrupt the company's activities. The internal causes of a company's crisis are directly related to ineffective management, purposeless debt, low innovation



*Modern American Journal of Business,  
Economics, and Entrepreneurship*

ISSN (E): 3067-7203

Volume 2, Issue 2, February, 2026

Website: [usajournals.org](http://usajournals.org)

*This work is Licensed under CC BY 4.0 a Creative Commons  
Attribution 4.0 International License.*

incentives, and shortcomings in corporate information policy. Additionally, corporate crises are caused by employee incompetence, lack of resources (financial, human, technical) for business development, stagnation of new ideas and innovations in company management and development, resistance to change by some participants (shareholders) and management officials, and most importantly, problems in making unanimous decisions due to constant conflicts of interest. Typically, a corporate crisis situation is a consequence of a stagnant corporate culture.

A dismissive attitude towards modern scientific and technological progress inevitably leads to material or corporate ethical crisis. Simultaneously, one of the causes of this phenomenon is the conflict of interest arising from the lack of transparency in activities, mutual misunderstanding, and insufficient access to proper corporate information. In business, the cooperation between partners is of crucial importance, and conflicts or disagreements between them are considered as the initial elements in the spontaneous emergence of corporate tension. Mediation and corporate agreements play a vital role in anticipating problems and implementing measures to eliminate them. There are several ways to overcome the crisis, including:

**“Texas Shoot-Out”** - the parties send sealed price offers to an independent intermediary to buy out the other party's share. The envelopes containing the offers are opened simultaneously, and the highest price offer wins (Manie Spoelstra, 2009). **“Dutch Auction”** - company participants indicate the minimum price at which they are willing to transfer their shares to the other party. The party offering the highest price purchases the shares of other parties based on the terms specified in their proposals (James Chen, 2025). **“Russian Roulette”** - a party to the contract sends an offer to another party to purchase their partner's share in the company. A participant who receives such a notification has the right to either sell their share at the offered price or buy the other participant's share at the same price. This mechanism encourages each participant to set a competitive market price (Marina E. Henke 2026). **“Fireside Chat”** - an independent mediator is appointed to assist the parties in reaching an agreement. **“Gin and Tonic”** - Suitable for a company managed by a director



*Modern American Journal of Business,  
Economics, and Entrepreneurship*

ISSN (E): 3067-7203

Volume 2, Issue 2, February, 2026

Website: usajournals.org

*This work is Licensed under CC BY 4.0 a Creative Commons  
Attribution 4.0 International License.*

---

(board of directors). In a crisis situation, the chairman of the board or the director holds one-on-one meetings with all parties to seek an appropriate solution.

These theories have largely emerged as a result of economic perspectives. Additionally, there are some scientific theories that have a significant legal impact on corporate crises. For example: **The Corporate Shareholder Dispute theory** (Frank H. Easterbrook, Daniel R. Fischel) is essentially related to disagreements between shareholders with equal stakes on key issues. Such disagreement leads to the impossibility of effective management.

**The Deadlock in Management Theory** proponents examine crisis situations in corporate governance where company decisions require unanimous or qualified majority voting but cannot be adopted due to disagreements between the board of directors or shareholders (Allen, William T).

**According to the Agency Conflict Theory** supporters, agency conflicts arise when company executives - acting as agents - take actions in their own interests that do not align with shareholders' interests. This blocks the adoption of strategically important decisions and leads to a conflict causing corporate tension (Michael C. Jensen, A. 2000).

**The Majority vs. Minority theory** pertains to situations where majority shareholders can use their influence to block proposals from minority shareholders or make decisions that harm their interests (David Drake, Giles Richardson KC 2024).

**Derivative Claim Theory** According to this theory, shareholders use derivative claims when the executive body is taking actions that harm the company, but no measures are being taken to resolve the issue. These claims give shareholders the right to participate on behalf of the company in litigation against managers (Stephen P. Ferris, Tomas Jandik, Robert M. Lawless and Anil Makhija. 2009). According to the Corporate Deadlock Doctrine, in Anglo-American law, deadlock situations arise when shareholders or directors cannot agree on management issues (Mariam Samushi. 2021). According to the theory of Breach of Shareholders' Agreement, deadlock occurs as a result of the parties' inability to fulfill their assumed obligations, leading to violations of shareholder agreements or the terms of the company's charter (Aditya Shah. 2021).



***Modern American Journal of Business,  
Economics, and Entrepreneurship***

**ISSN (E):** 3067-7203

**Volume 2, Issue 2, February, 2026**

**Website:** [usajournals.org](http://usajournals.org)

***This work is Licensed under CC BY 4.0 a Creative Commons  
Attribution 4.0 International License.***

In general, a corporate legal deadlock is a situation characterized by stagnation or conflict in the decision-making process within the corporation, which hinders the normal functioning of the company. From a legal perspective, it is incorrect to associate this situation solely with contradictions and conflicts of interest between founders, managers, or shareholders. Legal restrictions established during operations, shortcomings in the analysis of corporate documents and information also contribute to this situation.

The inability to reach a decision at the general meeting that hinders resolution of issues related to the company's activities, conflicts between the company's management levels (for example, the executive body concluding transactions that contradict shareholders' interests, the supervisory board not including necessary issues on the agenda of the general meeting), development of corporate documents that do not align with the company's interests, and the lack of mechanisms for resolving internal corporate disputes also lead to crisis. To overcome such a crisis, it is advisable to employ the institution of an independent representative who has no vested interests. Indeed, by analyzing the deadlock phenomenon in corporate governance, its causes and consequences, one of the most viable solutions, in our opinion, is the application of AI technologies that have no interests and can propose problem-solving solutions by analyzing any data.

Implementing AI in corporate governance plays a crucial role in developing modern business and reducing the human factor in conflicts of interest. AI performs rapid corporate decision-making tasks quickly, qualitatively, and with high efficiency. The use of AI for analyzing large volumes of data, setting long-term and short-term business plans, and continuously monitoring market supply and demand is one of the pressing issues of today.

The requirements for digitalization of all sectors in our country and the phased introduction of AI are directly linked to rapidly growing technological changes. The state is interested in developing corporate governance standards based on global cooperation. In accordance with the “Digital Uzbekistan - 2030” strategy and to accelerate the implementation of AI technologies, provide access to digital data, and create favorable conditions for training qualified personnel in the field, Presidential Decree No. PP-4996 “On Measures to Create Conditions



*Modern American Journal of Business,  
Economics, and Entrepreneurship*

ISSN (E): 3067-7203

Volume 2, Issue 2, February, 2026

Website: [usajournals.org](http://usajournals.org)

*This work is Licensed under CC BY 4.0 a Creative Commons  
Attribution 4.0 International License.*

---

for the Accelerated Implementation of Artificial Intelligence Technologies” was adopted. It includes a program of measures for studying and implementing AI technologies. The decree mandates creating a regulatory framework that defines the AI development strategy and establishes unified requirements for the development and use of AI technologies in economic sectors, as well as determining responsibility, security, and transparency.

In our opinion, the state's gradual relinquishment of controlling stakes in large companies and the introduction of AI in the process of transforming large state-owned enterprises will ensure effective management.

Although AI can currently create innovative opportunities for solving corporate crisis problems, the legal issues related to its application have not been fully studied.

AI systems can eliminate deadlock situations by ensuring a balance of interests in decision-making through situation analysis. In this regard, the use of AI yields positive results, such as accelerating the decision-making process, enhancing objectivity, and analyzing and processing large volumes of data.

However, issues of data security, confidentiality, liability for damages, and compliance with corporate ethical standards need to be addressed here.

## **V. Conclusion**

Having analyzed the essence and content of all the aforementioned theories, as well as their AI-based solutions, the following scientific doctrine is proposed:

**Theory of Corporate Artificial Intelligence Mediation** (Artificial Intelligence Corporate Mediation Theory) - aims to use AI software as a “mediator” in corporate crisis situations. AI can propose draft strategic decisions to resolve disputes and disagreements that have arisen between shareholders or with governing bodies, leading to corporate crises, by analyzing mediation agreement terms and market conditions. According to this theory, AI minimizes subjectivity and human emotions in corporate governance, offering reliable, analytically-based decision-making.

In our opinion, AI mediation is an institution that has no vested interests in resolving conflicts in corporate governance, objectively analyzes the arguments of the parties, and proposes effective solutions. It analyzes the company's



*Modern American Journal of Business,  
Economics, and Entrepreneurship*

ISSN (E): 3067-7203

Volume 2, Issue 2, February, 2026

Website: usajournals.org

*This work is Licensed under CC BY 4.0 a Creative Commons  
Attribution 4.0 International License.*

financial, economic, and other data using algorithms, identifies the causes of corporate crises, and predicts prospects for their resolution. Additionally, AI automates tasks as a mediator. This is evident in monitoring agreement implementation, conducting ongoing assessments, and presenting draft action plans to address negative consequences. There is no bias in the mediation agreements and contracts proposed by AI, and it monitors their implementation from a neutral standpoint.

Therefore, **Corporate Artificial Intelligence Mediation Theory** (Artificial Intelligence Corporate Mediation Theory) enables the use of AI as a tool for companies to make strategic and other decisions quickly and efficiently, thereby minimizing human errors and accelerating the process of resolving corporate disputes.

### References

1. Manie Spoelstra. The 'Texas shoot out' and other ways to get out of deals! 2009.// <https://mediate.com/the-texas-shoot-out-and-other-ways-to-get-out-of-deals/>
2. James Chen, Dutch Auction: Understanding How It's Used in Public Offerings. 2025.// <https://www.investopedia.com/terms/d/dutchauction.asp>
3. Yuldashev J. The importance of using modern technologies in resolving corporate deadlock situations American Journal of Education and Evaluation Studies, Vol.1, No.7 (Oct, 2024), P. 351-353
4. Marina E. Henke. Russian roulette revisited: Does a limited nuclear strike constitute a winning strategy? Published online: 12 Feb 2026// <https://www.tandfonline.com/doi/full/10.1080/13523260.2026.2624653>
5. Victor Joffe KC, David Drake, Giles Richardson KC, Daniel Lightman KC, Tim Collingwood KC, Thomas Elias, Zahler Bryan 2024 // [https://www.researchgate.net/publication/227468246\\_Minority\\_Shareholders\\_Law\\_Practice\\_and\\_Procedure](https://www.researchgate.net/publication/227468246_Minority_Shareholders_Law_Practice_and_Procedure)
6. Yuldashev J. Issues of legal regulation of artificial intelligence software in corporate management //Science and Education in Karakalpakstan. 2024 No3/2 ISSN 2181-9203 P. 742-744



***Modern American Journal of Business,  
Economics, and Entrepreneurship***

**ISSN (E):** 3067-7203

Volume 2, Issue 2, February, 2026

**Website:** usajournals.org

***This work is Licensed under CC BY 4.0 a Creative Commons  
Attribution 4.0 International License.***

- 
7. Mariam Samushi. Corporate "Deadlock" Breaking Mechanisms in Close Corporations// <https://openscience.ge/server/api/core/bitstreams/8c5b9802-d5cb-42a9-b222-4f24acb84dc3/content>
  8. <https://archive.org/details>
  9. <https://www.researchgate.net/publication>