

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Humanities**



**Bachelor Thesis**

**Corporate Social Responsibility and Conflict Zones:  
Multinational Corporations in the Russia-Ukraine War**

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## BACHELOR THESIS ASSIGNMENT

Sofia Tereshchenko

Business Administration

Thesis title

**Corporate Social Responsibility and Conflict Zones: Multinational Corporations in the Russia-Ukraine War**

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### Objectives of thesis

The thesis will investigate Corporate Social Responsibility (CSR) in relation to conflict zones, through the example of decisions by international corporations whether or not to continue to operate in the Russian Federation following the invasion of Ukraine in 2022. The concept of CSR suggests that businesses have responsibilities that go beyond their narrowly legal and economic responsibilities, but there is considerable debate about what these responsibilities include and how they should be met. Following Russia's invasion of Ukraine in 2022, many multinational firms ceased operations in Russia after pressure from consumers and government, suggesting that CSR principles might also be extended to cover issues of global conflict, international law and human rights abuses abroad. This thesis uses these examples to investigate how CSR is and should be interpreted in the context of global conflicts.

### Methodology

The thesis will develop a literature review presenting, analysing and comparing different interpretations of Corporate Social Responsibility and connected concepts and identify how these concepts might be applied to the specific example of conflict zones. It will present an exploratory case study of a major international corporation that chose to cease operations in Ukraine, investigating its motivations, decision-making procedure and public justifications using qualitative methods and documentary analysis. The case study will be used to gain further insights into how CSR is and should be interpreted and applied in the context of global conflict.

## The proposed extent of the thesis

30-40 pages

## Keywords

Corporate Social Responsibility, Russia, Ukraine, Conflict, Human Rights, International Law, Business Ethics

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## Recommended information sources

CROWTHER, D., & SEIFI, S., (eds.) (2021). The Palgrave Companion to Corporate Social Responsibility. Cham: Palgrave Macmillan.

KOLYSHUK, Svetlana & MYTNYK, Olena. (2023). Responsible Business Conduct during War in Ukraine Context Assessment Study. United Nations Development Programme.

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RESHETNIKOVA, Irina, & SANAK-KOSMOVSKA, Katarzyna. (2023). Corporate Social Responsibility of Companies in the Context of Russian Military Aggression in Ukraine. Marketing and Management of Innovations 2: 138–151. <https://doi.org/10.21272/mmi.2023.2-13>

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## **Declaration**

I declare that I have worked on my bachelor thesis titled "Corporate Social Responsibility and Conflict Zones: Multinational Corporations in the Russia-Ukraine War" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 15.03.2025

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I would like to thank Daniel Rosenhaft Swain, Ph.D., MA, and all other persons, for their advice and support during my work on this thesis.

# **Corporate Social Responsibility and Conflict Zones: Multinational Corporations in the Russia-Ukraine War**

## **Abstract**

The thesis critically analyses the concept of Corporate Social Responsibility (CSR) in conflict zones, focusing on the balance between ethical and strategic decision-making. The study focuses on the case of McDonald's, which conducted a business withdrawal from the Russian market following Russian invasion of Ukraine in 2022.

The theoretical part of the paper covers key CSR concepts, including the Triple Bottom Line and Carroll's Pyramid, as well as strategies for exiting conflict zones. The motivations and limitations of CSR solutions such as stakeholder pressure, financial implications, and reputational risks are analysed.

The case study demonstrates that CSR decisions include several moral dilemmas: global equity, controversial consequences for supply chain stakeholders, ethics of consumption, etc. A comparative analysis of major corporations continuing business operations in Russia shows that the absence of CSR principles could lead to boycotts, loss of loyalty, and governmental sanctions. Conflict zones provide a bright example of CSR not as a solely altruistic practice, but a strategic tool enabling companies to balance ethical obligations and long-term business interests in conflict zones.

**Keywords:** Corporate Social Responsibility, Russia, Ukraine, Conflict, Human Rights, International Law, Business Ethics

# **Společenská odpovědnost firem a konfliktní zóny: Nadnárodní korporace ve válce mezi Ruskem a Ukrajinou**

## **Abstrakt**

Práce kriticky analyzuje koncept společenské odpovědnosti firem (CSR) v konfliktních oblastech a hodnotí, do jaké míry velké mezinárodní korporace dodržují deklarované etické zásady. Studie se zaměřuje na případ společnosti McDonald's, která po ruské invazi na Ukrajinu v roce 2022 provedla stažení podniku z ruského trhu.

Teoretická část práce se zabývá klíčovými koncepty CSR, včetně trojitě spodní linie a Carollovy pyramidy, a také strategiemi odchodu z konfliktních zón. Jsou analyzovány motivace a omezení řešení CSR, jako je tlak zainteresovaných stran, finanční důsledky a reputační rizika.

Případová studie ukazuje, že rozhodnutí v oblasti CSR zahrnují několik morálních dilemat: globální spravedlnost, kontroverzní důsledky pro zúčastněné strany dodavatelského řetězce, etiku spotřeby atd. Srovnávací analýza velkých korporací pokračujících v obchodních aktivitách v Rusku ukazuje, že absence zásad CSR může vést k bojkotům, ztrátě loajality a vládním sankcím. Konfliktní zóny jsou zářným příkladem toho, že CSR není výhradně altruistickou praxí, ale strategickým nástrojem, který společností umožňuje vyvážit etické povinnosti a dlouhodobé obchodní zájmy v konfliktních zónách.

**Klíčová slova:** Společenská odpovědnost firem, Rusko, Ukrajina, konflikt, lidská práva, mezinárodní právo, etika v podnikání

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# 1 Introduction

Corporate Social Responsibility (CSR) has become an integral part of modern business ethics and plays a significant role in business activity of major multinational corporations. The concept suggests that businesses have their social responsibilities towards their stakeholders, such as employees, customers, government, society, etc. Initially, this concept has been associated primarily with sustainability, worker rights protection, and resource efficiency.

Nevertheless, with new ongoing conflicts, such as the Russia-Ukraine war, the concept of CSR exceeds the boundaries of traditional understanding. International companies face a significant dilemma: to continue operating in countries involved in violation of human rights or leave the market despite the potential financial losses. This raises a fundamental question for the global community: is business withdrawal solely an act of social responsibility, based on moral principles, or is it a strategic decision aimed at maintaining the reputation and long-term interests of a company?

The Russia-Ukraine war could be considered the first major international conflict that occurred when the concept of corporate social responsibility (CSR) has gained wide recognition and has been actively applied in corporate practices. This makes it particularly relevant to analyse importance and implications of CSR for global companies in politically unstable environment. It is especially important to conduct this analysis with multinational corporations that have been operating in the Russian market for a long time and have cultivated trust among their consumers. In this way, it will be possible to trace how business owners balance between their financial benefit and ethical principles in the context of armed conflict.

This thesis will provide a brief backgrounder on the definition of the concept of corporate social responsibility (CSR), go through key theories and corporate exit strategies from the conflict zones. It will examine the role of this concept in global conflicts by analysing the decision of a multicultural corporation towards the Russian full-scale invasion of Ukraine in 2022.

## 2 Objectives and Methodology

### 2.1 Objectives

The thesis main objective is to investigate Corporate Social Responsibility (CSR) in relation to conflict zones, through the example of decisions by international corporations whether to continue to operate in the Russian Federation following the invasion of Ukraine in 2022.

The concept of CSR suggests that businesses have responsibilities that go beyond their narrowly legal and economic responsibilities, but there is considerable debate about what these responsibilities include and how they should be met.

Following Russia's invasion of Ukraine in 2022, many multinational firms ceased operations in Russia after pressure from consumers and government, suggesting that CSR principles might also be extended to cover issues of global conflict, international law, and human rights abuses abroad.

This thesis uses these examples to investigate how CSR is and should be interpreted in the context of global conflicts and how companies could adjust their CSR strategies in response to political and humanitarian challenges.

### 2.2 Methodology

The thesis developed a literature review presenting, analysing and comparing different interpretations of corporate social responsibility and connected concepts and identified how these concepts might be applied to the specific example of conflict zones. Particular attention is paid to analysing the concepts of *the Triple Bottom Line*, *Carroll's Pyramid*, *socially responsible investing (SRI)*, and *corporate boycotting*.

An exploratory case study of a major international corporation that chose to cease operations in Russia, investigating its motivations, decision-making procedure, and public justifications using qualitative methods and documentary analysis. The case study will be used to gain further insights into how CSR is and should be interpreted and applied in the context of global conflict.

Therefore, the thesis combines theoretical analysis and empirical case study to provide a deeper understanding of the mechanisms of CSR functioning in conflict zones.

## 3 Literature Review

### 3.1 Defining Corporate Social Responsibility (CSR)

The concept of Corporate Social Responsibility (CSR) has evolved from a philosophical question into an impactful approach modern companies use all over the world. The concept highlights that except for aiming to maximise profit, business is conducted **in** society and **for** society and **should** pursue global goals, including environmental, economic, social, ethical, etc. (Fernandez et al., 2023, p.1-2)

In other words, the concept of Corporate Social Responsibility (CSR) could be outlined as the interrelation between a corporation and its stakeholders or, in a broader context, the local society it operates in. The corporations-stakeholder interrelation emphasises the significance of acknowledging the stakeholders' needs and interests, as these could have a big impact on a company's long-term viability and reputation. (Crowther and Rayman-Bacchus, 2017, pp. 1–3)

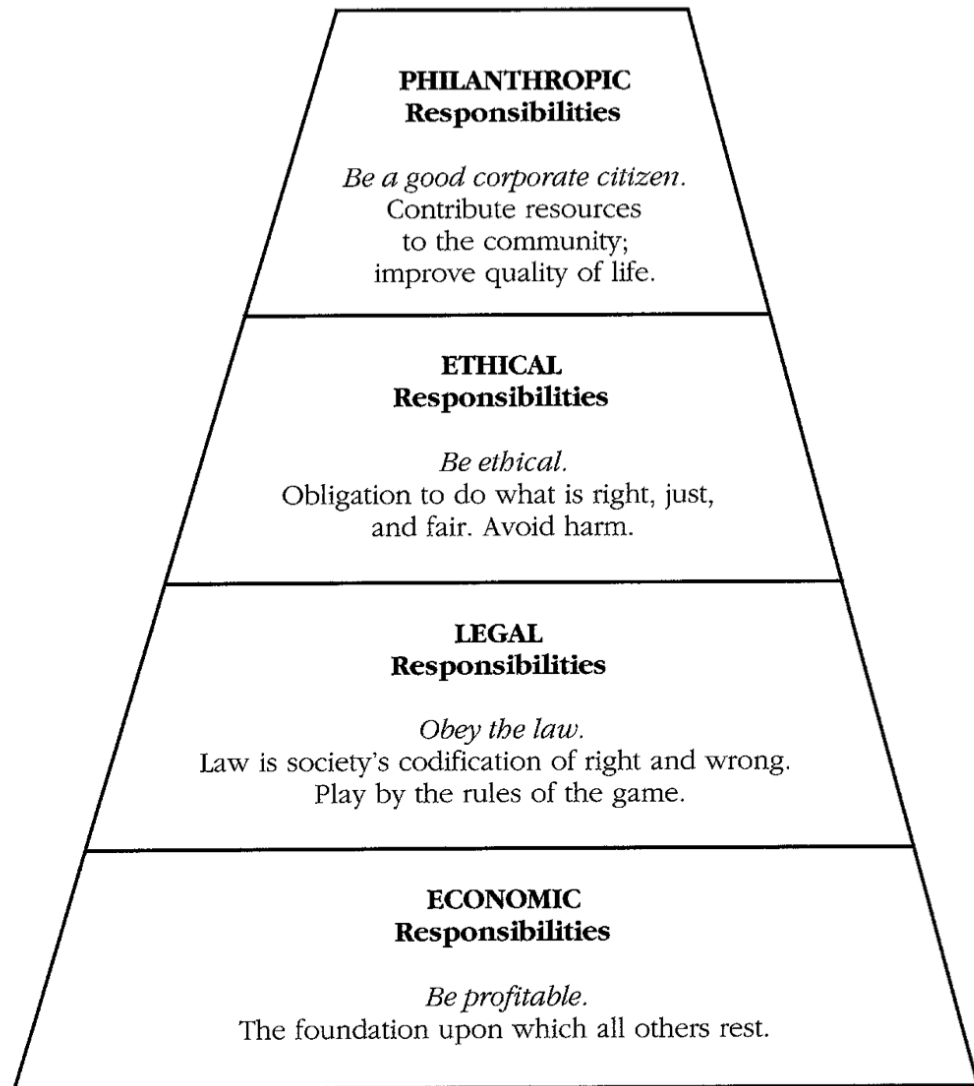
The second definition could also be interpreted as '**social contract**' which has been introduced by the Committee for Economic Development in the United States in 1971. It suggests that businesses should choose such a business strategy that would benefit society, meaning that they would operate in an ethical manner. (Committee for Economic Development, 1971)

#### 3.1.1 Theoretical frameworks of CSR

**Carroll's Pyramid (1991)** and **Elkington's Triple Bottom Line (1997)** were the two primary frameworks created to outline Corporate Social Responsibility (CSR).

According to A. Carroll's Pyramid of Corporate Social Responsibility (CSR), the idea itself is divided into four distinct levels, with the most fundamental level being at the bottom and the most specialised level at the top. What is crucial to note is that each level of the pyramid could operate independently. However, the highest level of effectivity is achieved only when all of those are working together. (Carroll, 1991, pp. 39–42) The theory's visual representation is depicted on *Figure 1*.

*Figure 1 The Pyramid of CSR by A. Carroll*



Source: Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 40-42.

### **Level 1. Economic**

It is said that the economic level could be considered a basic one, as it ensures that the business is profitable, highlighting that economic value is created. As companies are most importantly economic entities, revenues exceeding expenses is a primary motive for business owners. Overall, failing businesses could not make significant contributions to a society. (Carroll, 1991, pp. 39–41)

## **Level 2. Legal**

The next stage of the pyramid introduced by A. Carroll is based on the legal compliance of a business. Beyond getting profit, it is crucial to adhere to regulations set by the government. Starting from the local level and ending with the international level, all laws must be observed, which ensures fairness and justice.

## **Level 3. Ethical**

The legal level is closely connected to the next stage of the pyramid, which outlines socially unacceptable practices that are not controlled by any governmental regulations. Ethical responsibilities include socially approved business practices, as ensuring fair wages and the absence of exploitative work conditions. (Carroll, 1991, p. 40)

## **Level 4. Philanthropic**

The highest level of responsibility, suggested by A. Carroll, is philanthropic, which is defined neither by government nor by society. This level must be considered the one that shapes a company's reputation by such activities as various charitable events, helping local communities, or incorporating sustainable decisions on a volunteer basis. (Carroll, 1991, pp. 39–42)

Conceptually, The Pyramid of Corporate Social Responsibility by A. Carroll (1991) could be compared to **Maslow's Pyramid of Human Needs (1943)** as both models demonstrate different levels of responsibility — from basic to more complex. The same as individuals must fulfil their basic physiological needs (sleep, food, shelter, etc.) before love and belonging or the level of self-esteem, companies must prioritize receiving more revenues than expenses in order to make profit before philanthropic responsibilities. (Maslow, 1943, pp. 380–382)

However, two models have an important difference. Even though Maslow's Pyramid is often perceived as strictly sequential (e.g. before moving to social needs, there is a need to meet the basic ones at first), modern interpretations assume that on practice these levels could overlap or fluctuate depending on circumstances. (McLeod, 2024, p. 3)

In contrast to this, Carroll's Pyramid is initially more flexible: companies are not obliged to fulfill all their economic or juridical duties before moving to ethical or philanthropic responsibilities. Business could simultaneously strive to increase revenues and implement social initiatives. This difference between models is especially relevant in the context of conflict zones where the companies are forced to consider both economic

interests and moral obligations, while taking rapid decisions aimed at saving the business and following ethical norms. (Fedotova, Bocharova and Rachwał-Mueller, 2023, pp. 84–87)

The concept of CSR has been investigated by John Elkington in **The Triple Bottom Line (1997)**. It is suggested that there are three dimensions: people (social responsibility), planet (environmental responsibility), and profit (bringing economic value). It is suggested that businesses' view on success should be moved from just financial gain to merging all three aspects of the Triple Bottom Line together. (Mullerat, 2010, pp. 150–152)

The resonance to his study has been brought up because of his controversial question: *“Is it progress if a cannibal uses a fork?”* (Elkington, 1966, pp. 13–14) This way, Elkington managed to bring business owners' attention to the question of business processes upon just profitable operations, which highlights the core idea of CSR.

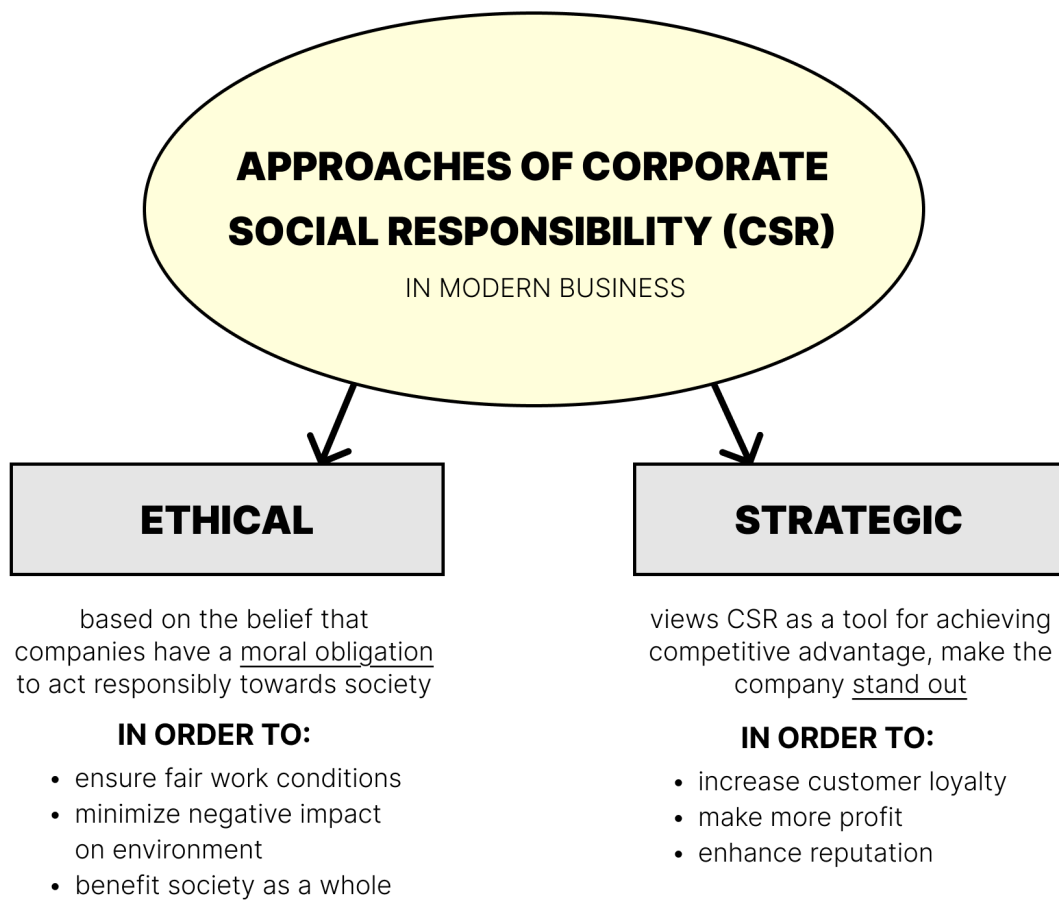
### 3.1.2 Comparing Strategy and Ethics in Terms of CSR

In modern business, the crucial question regarding Corporate Social Responsibility (CSR) is brought up: do companies incorporate this approach for ethical reasons or because they are pursuing strategic benefits? This question truly determines if the company's actions are dictated by pure moral duties or primarily business interests; it is reflected by two approaches: **ethical** and **strategic**.

**The ethical approach** is focused on a moral duty, highlighting the importance of behaving in a responsible manner towards society, while the **strategic approach** is seen as a tool to enhance company's reputation or increase the loyalty of customers. (Allen and Mizuno, 1989)

Their visual representation, created by the author, is depicted in *Figure 2*.

*Figure 2 Approaches of CSR*



**Source: own processing based on** (Crowther and Rayman-Bacchus, 2017)

### 3.1.3 Understanding of CSR in Conflict Zones

**Conflict zones** are territories affected by armed conflicts, internal uprisings and severe political instability which influences business security, supply chain, adherence to human rights. Examples of such zones include Ukraine (in the context of the war with Russia), Syria, Yemen, Afghanistan. In context of Russia-Ukraine war, Russia is also considered a conflict zone as actions of multinational corporations in Russia are directly connected to financing the country involved in aggression and carry serious ethical consequences. (OECD, 2018, pp. 1–3)

Businesses in conflict zones deal with serious issues such as supply chain disruptions, lack of governance, security risks, etc., caused by unstable political situation. Due to unusual

business operations, usual CSR strategies must be adjusted to this complex business environment. (Singh and Verma, 2024, pp. 2–3)

The most significant change in CSR policies for companies operating in conflict zones is **priorities shift**. Corporate Social Responsibility (CSR) policies are usually associated with long-term environmental sustainability and philanthropic ideas, which become switched to CSR strategies focused on fulfilling humanitarian needs. In particular, the focus shifts from merely adhering ethical standards to preventing direct and indirect business involvement in human rights violations or financing of terrorist activities. (Rieper, 2013, pp. 7–8)

**Human Rights and Ethical Decision-Making.** Although defence of human rights is a part of Corporate Social Responsibility (CSR) in any country, in the environment of conflict zones this aspect gains particular urgency. Companies face new risks: for example, unintentional financing of armed groups, discrimination against local communities or violation of international sanctions. Therefore, businesses need to pay much more attention to assessing all aspects of their operations — starting from supply chains to issues related to market presence in a particular country. (Singh and Verma, 2024, pp. 3–5)

For example, one of Ukrainian largest fragrance and cosmetics brands, *Sister's Aroma*, had been working with both Ukrainian and Russian markets before 2022. Right after the full-scale invasion had begun, the company's owner, Yuliia Burkovska, permanently ceased its operations with Russian partners and withdrew its franchise from there. Furthermore, the company started to support the Ukrainian Armed Forces financially and donate part of their profit to charitable organizations that support women and children during the war. (Sister's Aroma, 2022)

Along with examples of Ukrainian companies, it is also important to consider an example of similar international company's actions. An example of implementation of human rights protection principles and ethical decision-making can be the exit of the British oil and gas company **BP** from the Russian market after the start of full-scale war in Ukraine. Company officially announced the cessation of projects with 'Rosneft' (Russian oil and gas company), emphasizing that any further cooperation with Russian partners contradicts their commitments to human rights compliance. (BP, 2022)

**Local communities support.** Furthermore, it is crucial to interact with local communities in order to make sure all their needs are met.

For example, DTEK, the largest Ukrainian private energy company, when Russian shillings caused massive electricity outages, created so-called ‘Invincibility Spots’ all over the country. Each of them has heating, water, lighting, mobile communication, a power supply for devices, the internet and first aid kits — everything that helps people stay in touch with their loved ones and feel safer during tough times. (Kolomiets H. and Neshkarodov O., 2023)

Therefore, Corporate Social Responsibility (CSR) in the environment of conflict zones requires reassessment of the traditional approach as companies face unique challenges. In addition to basic CSR goals, such as sustainable development and charity, business must pay more attention to issues of human rights defense and minimization of any potential harm caused by their business activities in conflict zones. This is due to the fact that, in such circumstances, regular business conduct could have severe consequences for local communities. As a result, it is crucial to consider specific risks to prevent supporting violence and disrespecting human rights.

## **3.2 Decision-Making Process in Conflict Zones**

### **3.2.1 CSR-Driven Exit Strategies: Full VS Partial Exit**

Exit strategies, or business withdrawal processes, could be considered a part of Corporate Social Responsibility (CSR) in conflict zones. These difficult decisions are usually made by companies not only for human rights defense but for the protection of human rights and adherence to ethical standards, but also for the protection of its own reputation, reduction of financial and operational risks. (McGuire, Sundgren and Schneeweis, 1988, pp. 869–870). This way, reasons for exit could be both moral and strategical.

Before choosing the exit strategy, companies usually assess few key risk categories which could affect business operations:

- **Financial risks** — risk of losing both current and future revenues, significant loss of investments
- **Reputational risks** — loss of customers’ loyalty leading to deteriorated brand image (Atkins, Drennan and Bates, 2006, p. 76)
- **Operational risks** — business activities’ disruptions due to external influence, including political instability (Frynas, 2009, pp. 220–225)

Despite the fact that human rights defence could be a sufficient reason to exit the market, in practice companies usually analyse also economic consequences which demonstrates how complex the decision-making is. This brings up the question: **is it possible to perceive CSR actions as truly ethical if they depend on a calculation of costs and benefits?**

After careful examination of all possible consequences, companies could proceed with **full** or **partial** exit strategies. Each of these strategies carries distinct consequences not only for businesses, influencing their operations and profit, but also for consumers, affecting their trust in a company.

1. **Full Exit.** In case of the full exit, the company completely ceases operations in conflict zones. It could be often done when a company instigates the consequences of continuing their operations in conflict zones: financial losses, reputational risks, complicated relationships with stakeholders, potential human abuse, humanitarian crises, etc. Also, companies might consider a full exit as a protest, which provides additional pressure on the government, attracting their attention to the ongoing war conflict. Kolk and van Tulder (2002) suggest that the full exit for a company could have severe consequences to a local economy, emphasizing the pressure on government, especially if it is a major corporation. (Kolk and Van Tulder, 2002, pp. 260–264)

2. **Partial Exit.** Some companies, weighing reputational, financial, and operational risks, decide to limit their operations without full exit. For example, limiting their partnerships, decreasing the number of investments, restructuring the supply chain, etc. This strategy enables businesses to reduce reputational harm without fully cutting connections. However, the strategy of partial exit could be considered insufficient as it does not fully address ethical challenges, which still damages company's reputation, especially if stakeholders perceive that the company is not taking meaningful actions. This could lead to consequences similar to just continuing business operations to a full extent. (Melissa Powell and Adrienne Gardaz, 2010, pp. 15–20)

Although both full and partial exits could be determined by ethical considerations, in reality companies often seek balance between human rights defence and financial, operational and reputational interests. However, this leads to criticism regarding whether

such a ‘balance’ aligns with ethical principles or whether the genuine ethics requires giving up calculations in favour of morality.

### **3.2.2 Corporate Boycotting**

A special form of exit strategy is **corporate boycotting**. It is important to emphasize that *corporate boycotting* can be seen as a part of the broader understanding of *exit strategies*, discussed above. While the general exit may be caused, for example, by economic losses or legal risks, boycotting is a deliberate refusal to conduct business operations due to disagreement with government policies, even though the company could still make profit.

Corporate boycotting could have both temporary and permanent nature. The temporary type of corporate boycotting considers waiting for better political conditions and quick governmental actions. Permanent boycotting, on the other hand, is connected to the overall discrepancy between the company and local regime. (Spar and La Mure, 2003, pp. 80–83)

Corporate boycotting can have both economic and reputational consequences. For example, Henisz and Zelner (2001) point out that companies participating in boycotting activities might have severe financial losses due to their withdrawal from the profitable markets. However, long-term profit could also be considered in this case: the increase of stakeholders’ (investors, consumers, etc.) trust may outweigh the financial aspect. (Henisz and Zelner, 2001)

The research, introduced by Spar & La Mure (2003), provides a clear understanding that in a pressured environment, such boycotting usually gets support from activists and investors, which could be beneficial for the company as its brand image tends to enhance. (Spar and La Mure, 2003, pp. 78–81)

### **3.2.3 Guidelines for Business Conduct in Conflict Zones**

While conducting business operations in politically unstable regions, it is crucial for companies to be extremely careful in order not to abuse human rights and not support the violence. For this particular reason, international organizations have come up with guidelines and regulations, helping multinational firms navigate the complex ethical challenges they encounter and preserve their corporate activities, ensuring they still respect human rights and do not harm local communities. (Lindsay and Martella, 2020, chap. 8)

***Guiding Principles on Business and Human Rights (2011)*** is the most significant and widely used framework, which includes a set of recommendations established by the **United Nations (UN)**. These principles provide detailed explanations that companies must respect human rights, not participate in any violations, and address any issues they may cause. For example, such violations may include cooperating with suppliers who fund armed groups, who use forced or child labour, support the occupation of territories, etc.

In addition, this UN framework help businesses examine their supply chains and partnerships in order not to accidentally support those parties who participate in a conflict and somewhat contribute to terroristic actions. For example, this can occur if the company is being supplied by organizations connected to armed terroristic groups or pays bribes for ‘protection’ from such groups for security of their business. This emphasizes the importance of thorough assessment of partners, suppliers and customers.

What is crucial for companies relying on the UN’s Guiding Principles is to examine who they work with, as in conflict zones local communities are vulnerable and could not be always defended by the government. (John Gerard Ruggie, 2020, pp. 63–66)

***Guidelines for Multinational Enterprises on Responsible Business Conduct (2023)*** is the concept first introduced by the **Organisation for Economic Cooperation and Development (OECD)** in 1976, has gotten its most recent updates in 2023, focusing on modern challenges that include political instability and ethical business conduct in conflict zones. It is emphasized that in case the company continues operations in a high-risk zone, it must openly explain how it monitors people’s safety and what exact measures it takes to not support any violence. (Organisation for Economic Co-operation and Development, 2023, pp. 25–28)

Moreover, the standard ***ISO 26000: Guidance on Social Responsibility*** has been established by the **International Organization for Standardization (ISO)** which provides general recommendations in regard to ethical companies’ behaviour and decision-making, interaction with society and responsible business conduct. It provides recommendations on the process of Corporate Social Responsibility (CSR) incorporation into a company’s business operations. This standard clearly shows how companies may be beneficial for local communities even in environments complicated by external factors. For example, companies are still providing people with workplaces, reducing unemployment rates. (ISO 26000, 2010)

This way, companies who are eager to conduct their business operations in conflict zones, should be aware of the frameworks above and observe them. Given guidelines and

recommendations would help them run a business in a responsible and ethical manner, ensuring that human rights are protected. Nevertheless, it is essential to emphasize that the principles listed above are implemented by businesses on a **solely volunteer basis**. Their compliance is not regulated on a governmental level; it is just a question of the good faith of a company or external pressure from investors and local communities. (Wettstein, 2019, pp. 215–220)

Despite the significance of the above-listed guidelines, recommendations, and standards, the lack of law-enforcement policies could make them less effective. In relation to that, juridical regulation on local, governmental, and international levels is essential, and its role would be assessed in *Chapter 3.3.2*.

### **3.3 Factors Shaping CSR Decisions in Conflict Zones**

Despite an already complex business environment caused by war actions, external stakeholders could create additional pressure for businesses, which could either encourage companies to integrate responsible and ethical business decisions or make them exit conflict zones. It is suggested that key factors shaping Corporate Social Responsibility (CSR) decisions in such areas are **socially responsible investing (SRI)** and **governmental regulations**. (Singh and Verma, 2024, p. 7)

#### **3.3.1 Socially Responsible Investing (SRI)**

Socially Responsible Investing (SRI) is a strategy pointing out that investors take into account not only the financial performance of a business, but also its Corporate Social Responsibility (CSR) measures as well. In politically unstable environment SRI plays a significant role as investors may either support companies that apply ethical manners of business conduct or exclude certain companies contributing to the escalation of political conflict or violating human rights from their investment portfolio. (Melissa Powell and Adrienne Gardaz, 2010, pp. 1–15)

Based on the report Principles for Responsible Investing (PRI), the relevance of SRI in conflict zones is emphasized by the vulnerability of these regions to unethical business processes. Also, the concept of Socially Responsible Investing (SRI) could become an additional stimulus for business owners to review their supply chain, partnerships, and internal business processes and adjust them accordingly to Corporate Social Responsibility (CSR) principles. Socially Responsible Investing (SRI) could have a dual effect: on one

hand, it potentially helps to increase the loyalty of stakeholders; on the other hand, it leads to a narrower scope of investments. (Joe Attwood, 2023)

Furthermore, the research of Viviers (2012) emphasizes that major investors, such as international financial institutions, tend to rely on SRI principles primarily in order to minimize the reputational risks and possible negative consequences of sanctions. (Viviers and Eccles, 2012, pp. 2–7)

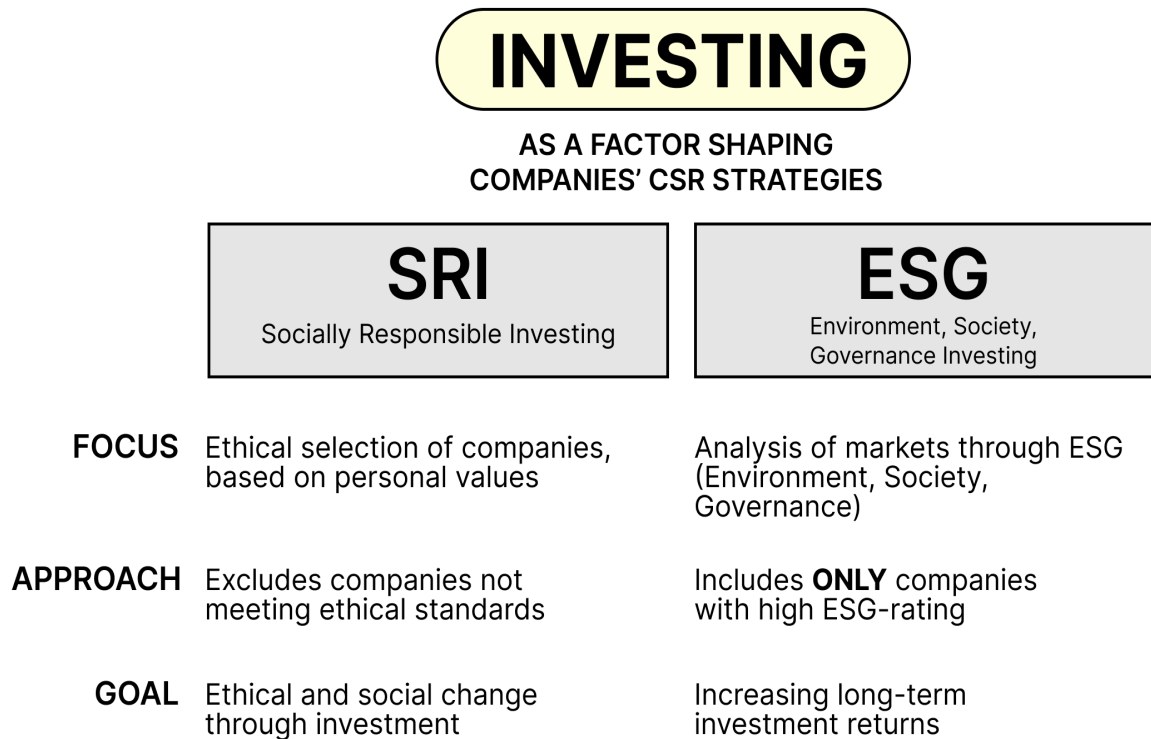
However, beyond Socially Responsible Investing (SRI), one more crucial concept associated with Corporate Social Responsibility (CSR) has been established — **ESG Investing**. (Dyakovsky, 2024, pp. 41–43)

It is orientated on analysing how companies align their risks with opportunities associated with 3 main spheres:

1. **Environmental** — businesses' impact on the environment, practices to deal with CO<sub>2</sub> emissions, waste management
2. **Social** — businesses' attitude to stakeholders (customers, employees, investors, society), including working conditions and respect to the human rights
3. **Governance** — businesses' focus on transparency, anticorruption policies (Dyakovsky, 2024, pp. 40–41)

It is essential to clearly distinguish Socially Responsible Investing (SRI) and ESG Investing (Environment, Society, Governance) as those concepts **differently shape companies' CSR strategies**. The scheme with concepts' comparison in the context of CSR, introduced by the author, is depicted in *Figure 3*.

**Figure 3 Investing as a Factor Shaping CSR Strategies**



**Source: own processing based on** (Joe Attwood, 2023)

### 3.3.2 International Law and Governmental Regulations

In contrast to **voluntary frameworks**, as UN Guiding Principles on Business and Human Rights, OECD Guidelines, or ethical standards such as ISO 26000, assessed in a previous chapter (3.2.3), international law and governmental regulations represent **mandatory-based regulation mechanisms**, including export restrictions, sanctions, legal proceedings, etc. These mechanisms were established in order to complexify companies' business operations in politically unstable regions by limiting their financial and operational activities. (Melissa Powell and Adrienne Gardaz, 2010, pp. 4–8)

One of the key tools of governmental intervention in business activities are **sanctions**, which could be introduced by either local governments or by international organizations such as the European Union (EU). They could include constrained financial operations, limited access to technology, or trade. (Drezner, 1999, pp. 131–140) For example, following the Russian full-scale invasion in February 2022, the European Union

(EU), the United States and the United Kingdom introduced major sanctions against Russian banks, companies, and individuals.(Dias, Grigaitė and Magnus, 2022, pp. 3–5)

Furthermore, there are international treaties aimed at regulating business activities in zones of war conflicts. For example, based on the **United Nations (UN) Security Council Resolution 2334 (2016)**, regarding the Palestinian-Israeli conflict, companies must take juridical responsibility for continuing business operations in temporarily occupied zones in case their operations lead to violation of international humanitarian law. (UN Security Council, 2016)

These examples demonstrate how influential international law, and governmental regulations could be in the context of business operations in conflict zones, shaping companies' CSR policies.

To sum up, two factors examined above (socially responsible investing and international law and governmental regulations) primarily shape the corporate decision-making in conflict zones. They help businesses minimize any reparational, financial, and operational risks and contribute to complying with Corporate Social Responsibility (CSR) principles. It is essential not only to promote current international standards but also to actively participate in the creation of new long-term decisions supporting peace initiatives in conflict zones.

## **4 Practical Part: McDonald's Case Study**

### **4.1 Context and Preconditions of McDonald's Decision**

#### **4.1.1 McDonald's in Russia: From Integration to Isolation**

Full-scale Russian invasion of Ukraine, started in 2022, led to an unprecedented crisis for multinational companies, forcing them to reconsider their business activity in Russia. McDonald's, being one of the biggest fast-food chains, became the significant symbol of western business in Russia after the first restaurant opened its doors in Moscow in 1990. (McDonald's, 2022)

What is crucial to note is that the opening of McDonald's underlined the end of the Cold War and the start of Russian economic integration into the worldwide capitalistic system, basically the beginning of a new stage of development. This not only symbolized rapprochement between East and West but also indicated country's transition to a market economy, meaning that McDonald's presence in Russia was more than a commercial project — it had its undeniable cultural and political influence. (McDonald's, 2022)

However, in 2022, the company decided to conduct a full exit from the Russian market, which became one of the most significant steps in its Corporate Social Responsibility (CSR) policies. In contrast to 1990, when McDonald's represented a sense of hope for openness, its withdrawal in 2022 became an unspoken sign of Russian political isolation. (Becky Morton, 2022)

This case study provides an analysis of the motivation of McDonald's, potential alternative scenarios, its decision-making process, long-term consequences for its reputation, financial performance, and overall CSR strategy. Also, the case study underscores how multinational corporations could play not only a significant business role but a role in global politics as well.

#### **4.1.2 Initial Reaction and Drivers of Exit**

Following the full-scale Russian invasion of Ukraine in 2022, various international corporations faced a complicated choice: continue operations or exit the Russian market, expressing their position. At first, McDonald's kept total silence regarding the conflict, most probably weighing out the financial, operational, and reputational risks shaping their decision. After the first 3 weeks of war actions, the company's leadership finally broke the

silence by introducing a ‘*temporary suspension*’ of their business activities in Russia because of the ‘*humanitarian crisis*’. However, it took the corporation more than 2 months to make a final decision: in May 2022, McDonald’s announced their full withdrawal from the Russian market by selling all their restaurants to a local operator. (McDonald’s, 2022c)

This decision was dictated not only by political and economic frameworks, but by reputational considerations as well. In the environment of increasing sanctions pressure and international war judgement, companies were criticized by the stakeholders (customers, investors and society as a whole). According to **Yale Chief Executive Leadership Institute**, which tracks companies’ responses to Russian invasion to Ukraine, businesses who continued their operations in Russia faced severe public criticism, including social media campaigns.(Yale School of Management, 2022) Public opinion required companies to take the active steps against Russia, and corporate boycotting became a powerful instrument of influence. Investors also started expressing their concerns in regard to reputational risks and long-term consequences of continuing operations in Russia. (Reuters, 2022)

Apart from the tremendous amount of pressure applied from customers and investors, Western countries’ governments were calling on businesses to comply with sanctions and avoid supporting the Russian economy at any cost.

Companies that publicly refused to leave the Russian market, such as McDonald’s competitor Burger King, or one of the largest hypermarket chains Auchan, have faced severe boycotting and negative reactions from society.

**Fast-food Chain Burger King.** In March 2022, activists among the United States, Canada, and Europe started spreading the hashtag *#BoycottBurgerKing*. Consequently, the reputational rating of a company decreased as unwillingness to leave was perceived as support of the Russian regime. Despite numerous promises to leave the Russian market, more than 800 Burger King fast-food restaurants continued business operations, which increased social resentment. (Michael Race, 2023)

**Hypermarket Chain Auchan.** The French hypermarket chain, in spite of not being McDonald’s direct competitor, deserves attention as they were accused of being ‘**war sponsors**’ after the research of Le Monde and the Insider was published. (Le Monde, 2023c)

Apart from refusing to leave the Russian market in 2022, based on the research, Auchan’s supply was redirected to the Russian army, including equipment and clothing, which caused an international scandal. Their reputational rates decreased tremendously after

multiple French protests took place in front of Auchan stores, and the company faced widespread criticism on social media. (Le Monde, 2023b)

This experience of major corporations like Burger King and Auchan demonstrated that continuing operations in Russia is becoming increasingly difficult. Public pressure is only growing, sanctions claims are spreading among companies refusing to exit, and Western markets are becoming more of a priority than Russian — all those factors together highlight that continuing operations in Russia during the geopolitical crisis is threatened with serious risks for a business.

McDonald's decision, made after the deplorable experience of the above-mentioned corporations, clearly demonstrates that ethical and reputational concerns in the context of war can play a crucial role in shaping business strategies.

## **4.2 Strategic Analysis of McDonald's Exit**

### **4.2.1 Alternative Scenarios**

In response to the geopolitical crisis caused by the Russian invasion of Ukraine in 2022, McDonald's faced severe strategic options on whether to cease or continue operations in Russia. Delving deeper into the possible strategic options, there were three main scenarios:

#### **1. Continuing Operating on the Russian Market: Partially or Fully**

Companies that selected the strategy to stay on the Russian market, as in Burger King and Auchan, assessed in a previous chapter 4.1.2, have suffered significant reputational losses and condemnation from international community. However, considering Burger King's case, long-term financial implications remain unclear: company continues operations and maintains its profits despite criticism.

Based on the controversial experience of those companies, other international corporations were looking for a more cautious strategy without radical steps as full withdrawal. (Andriana Velianyk, 2024) Several large companies, such as **PepsiCo** and **Nestlé**, finally found a compromise: they are cutting off the core investments to the region, but they are still operating there on a minimal basis to survive. This strategy was beneficial in terms of maintaining a certain level of income and operating activity but still with severe damage to companies' reputation. (Laurence Girard, 2023)

Another possible trade-off was found by a major corporation, **Procter & Gamble (P&G)**, who selected a *model of a reduced presence*. They reduced their production to one factory and continued operations in Russia by arguing that they supply vital goods that refer to basic needs of the population such as baby diapers, feminine hygiene products, detergents, toothpaste, etc. They also limited their investments, adjusted the supply chain, and stopped any advertising campaigns. (Sharon Terlep, 2022)

This step may be perceived as an **alternative Corporate Social Responsibility (CSR) approach**: on one hand, they still operate in a country that created a global geopolitical crisis; on the other hand, their actions are based on the protection of human rights, namely, ensuring access to essential goods (which is especially important for the vulnerable: children, the elderly, and people with disabilities).

Thus, the analysis of companies that chose to continue business operations in Russia either partially or fully clearly demonstrates that such selected strategy may result in short-term financial benefits due to maintaining revenues to some extent. However, potential benefits are associated with serious reputational risks: severe criticism on ignoring the CSR principles from consumers and investors, especially from Western countries. In the long-term perspective, such a strategy may lead to a decline in brand attractiveness in terms of major investors who mostly rely on CSR principles.

## **2. Transferring the Managerial Power to Local Operators**

Transferring the power to local operators is another controversial strategy, where companies formally announce exit from the market, but in reality, just transfer the power to local partners. This business model allows companies to avoid a high-profile withdrawal from a region and minimize reputational and operational losses.

Although outwardly it looks like the company is leaving the market, but in practice all its products and services remain available to local communities, which is a questionable workaround. Furthermore, despite being formally distanced from the market, profit still can be made through royalty and other legal agreements.

**Leroy Merlin**, a global French retailer of construction supplies, was one of those who selected the strategy of transferring the managerial power to local

operators. Society perceived this step as a good **try to circumvent sanctions** and was met mostly negatively by stakeholders. However, this strategy could also be considered **an alternative Corporate Social Responsibility (CSR) approach**, as it allowed saving thousands of workplaces in more than 100 stores. (Le Monde, 2023a)

To sum up, the strategy of transferring the power is focused on a minimisation of any risks, including direct reputational rate decline while continuing to receive economic benefits from the specific undesirable market.

### **3. Full Business Withdrawal (Selected Scenario)**

The most radical strategy, full withdrawal from the Russian market by selling the company's assets with a ban on using its brand, has been selected by McDonald's. The reputational risks have been fully eliminated, while proving their commitment to Corporate Social Responsibility (CSR), despite the financial losses, which are assessed in chapter 4.3.2. The statement of the company's chief executive, Chris Kempczinski, highlights McDonald's commitment to its values. Right before the restaurants started to 'de-arch', CEO claimed: *"Our values mean we cannot ignore the needless human suffering unfolding in Ukraine"*. (McDonald's, 2024)

Furthermore, during the press release from May 16, 2022, Chris Kempczinski provided further explanations that help to understand how their decision aligns with company's core values and CSR principles: *"We have a long history of establishing deep, local roots wherever the Arches shine. We're exceptionally proud of the 62,000 employees who work in our restaurants, along with the hundreds of Russian suppliers who support our business, and our local franchisees. Their dedication and loyalty to McDonald's make today's announcement extremely difficult. However, we have a commitment to our global community and must remain steadfast in our values. And our commitment to our values means that we can no longer keep the Arches shining there."*(McDonald's, 2022c)

These words highlight the complexity of the decision made as the company was deeply integrated into Russian market and gained significant trust among Russian consumers. However, ethical considerations, relying on CEO's statement, were prioritized.

Although McDonald's in their official statements about their withdrawal from the Russian market relies on *'our values'*(McDonald's, 2020) , they do not fully elaborate on these values in the context of this decision.

On their official website, the key values include:

- **Serve** — people are priority
- **Inclusion** — doors are open for everybody
- **Integrity** — considering impact of every decision
- **Community** — serving local communities
- **Family** — we are better together (McDonald's, 2020)

However, there is no direct mention on human right protection, for example. Such ambiguity could be explained by McDonald's efforts to avoid direct political language. This may be the reason of such vague formulations such as '*our values*' (McDonald's, 2020) in all their official statements. Consequently, company's values remain rather universal and not fully explained in the context of their business withdrawal from Russia.

Officially, in May 2022, McDonald's sold all their 800 restaurants in Russia to a local business called "**Vkusno i Tochka**" (stands for "Tasty and That's It") which was established by previous McDonald's top managers. The new owners received all existing restaurants with equipment as well as ownership of the menu McDonald's used for its chain. However, it is crucial that any use of its brand is completely outlawed. The full transition to a new fast-food chain was finished in June 2022, and since that moment, brand of McDonald's has officially gotten out of the Russian market. (Reuters, 2022)

Chosen McDonald's strategy has become a great example to other major corporations of being dedicated to Corporate Social Responsibility (CSR). Apart from leaving the market, selling their business to "Vkusno i Tochka" allowed them to save more than 60,000 workplaces which just proves McDonald's commitment. The guarantee of employment for all McDonald's former employees was one of the main terms of the deal with the new domestic chain. (Joshua Askew, 2022)

## 4.3 Long-term Consequences

### 4.3.1 Reputation and Brand Perception

The example of McDonald's leaving the Russian market in the context of global became one of the most discussed cases of Corporate Social Responsibility (CSR) principles application. Nevertheless, the real effect from this decisive move turned out to be way more complicated than just the application of ethical principles to a real-life situation. Long-term consequences for the reputation and brand perception could be assessed from different perspectives:

**Strengthening the brand image for Western stakeholders.** The dedication to global ethical principles that has been shown by McDonald's was a powerful tool for strengthening their brand image as a socially responsible corporation for Western stakeholders, mostly located in the United States and Europe. Compared to other global corporations, such as Auchan or Burger King, facing harsh criticism and boycotting (assessed in 4.1.2), McDonald's ended up in a much stronger position, proving their mission "*making the world a better place*". (McDonald's, 2024) In this case, contrast to other companies became a highly effective instrument for a Western stakeholder's global perception of the brand.

However, it is essential to realize that this decision fully aligns not only with McDonald's ethical principles but with their economic interests as well. The research conducted by Nielsen revealed that 66% of consumers in the United States are willing to pay a higher price for goods and services delivered by socially responsible brands. (Nielsen, 2015) Although there is no direct research proving that McDonald's reputation improved as a result of its exit from the Russian market, this decision likely contributed to the brand image among Western consumers and investors, prioritizing CSR.

**Brand identity is weakening on Russian market.** The decision to quit the Russian market has been severely criticized by Russian media and officials who were accusing Western stakeholders in lack of real social responsibility and formed a narrative that business should not interfere in politics. After selling the business in Russia to "Vkusno i Tochka" the brand image started to blur: on one hand, the brand itself left the market; on the other hand, business structure, menu, employees, etc., stayed the same. It still disrupted the emotional bond with McDonald's brand among Russian citizens, which makes it complicated to understand if the company would restore its reputation in case of a return to the Russian market. Rebuilding trust could become the key challenge in the future. By then, however, the new domestic operator, "Vkusno i Tochka", might fully occupy McDonald's former niche.

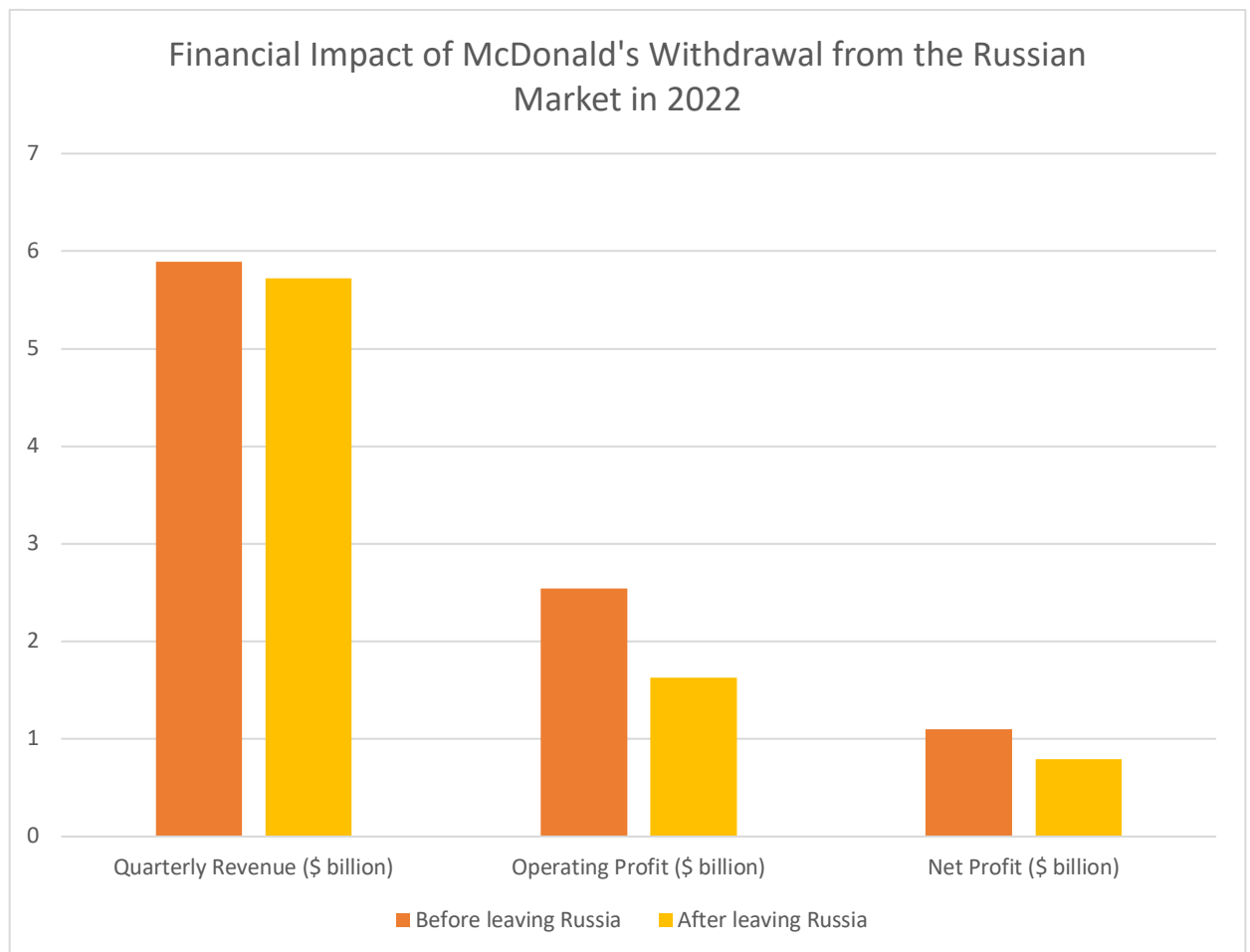
McDonald's case demonstrates how complex CSR decision-making is in the environment of a global crisis: no matter what decision you make, for some parties this would lead to a winning position (Western perspective), for other parties — to a losing position (Russian market).

### 4.3.2 Financial Implications and Recovery Strategy

McDonald's exit from the Russian market resulted in a significant financial loss for the company. According to the corporation's official reports, financial loss could be ranked between \$1.2 and \$1.4 billion. The market share loss experienced by McDonald's amounts to 58%. Also, the expected operation margin fell to 40%, which was stated in their annual report. (McDonald's, 2022c)

The visual representation of McDonald's financial implications after leaving the Russian market in 2022, based on official reports and processed by the author, is depicted in *Figure 4*.

*Figure 4 McDonald's Financial Implications*



Source: own processing based on data from McDonald's 2022 Annual Report (McDonald's, 2022b)

McDonald's used its exit from the Russian market as an opportunity to reallocate resources and focus on potentially more promising markets. Particularly, right after their withdrawal from the Russian market, the company announced the opening of more than 1200 restaurants across Asia and the Middle East, where the trend of increasing demand for Western brands is noticed. (Deborah Mary Sophia, 2023)

One of the key strategies for recovery is focusing on implementing new digital solutions and increasing the number of partnerships with delivery services, which could help restore financial losses quickly. The corporation has significantly increased investments in the technological sector, which in long-term perspective would increase revenues without new physical restaurants. Furthermore, McDonald's focused on menu localization, adapting to local customers' preferences. For example, Milky Way McFlurry and Katsu Curry Chicken Wrap have been introduced in the UK.

The decision to withdraw from the Russian market led to significant but short-term financial losses, which allowed benefit in the long-term perspective. McDonald's selected strategy underscores growing influence of intangible assets such as stakeholders' loyalty on the company's financial stability.

This case illustrates a crucial trend in international business: businesses can no longer evaluate markets from a profit perspective only, while ignoring political and social factors. This clearly demonstrates that financial stability of a company depends not only on short-term profits, but also on the ability to adapt to global challenges.

## 5 Results and Discussion

This chapter provides an analysis of the research aimed at studying Corporate Social Responsibility (CSR) in conflict zones. In terms of globalization and increased public attention to social and ethical aspects of business, companies face a real challenge: the choice between following moral principles, considering solely commercial interest, or trying to succeed in both ethical and financial performances. However, attempting to balance two objectives at once can lead to failure in both, so the specific attention in this study is paid at the prominent case of McDonald's, a global fast-food restaurant chain, analysing their decision-making process during withdrawal from the Russian market.

This decision became a crucial indicator demonstrating how multinational corporations adjust their CSR practices to global geopolitical crises, one of which was the Russian invasion in Ukraine in 2022, leaving a devastating mark the world economy. One of important question raised in this study is whether the decision to leave the Russian market is an act of strategic (based on business profit) or ethical (based on company's moral values) Corporate Social Responsibility (CSR), which is identified in this analysis. Furthermore, the chapter provides a comprehensive understanding of long-term implications for McDonald's and its stakeholders.

### 5.1 Discussion: Ethical VS Strategical CSR

The study showed that McDonald's decision to cease operations in Russia could be considered a **combination of strategic and ethical Corporate Social Responsibility (CSR)**. On the one hand, various external factors such as pressure from Western stakeholders (investors, governments, customers) create potential reputational risks, affecting long-term profitability based on a company's investment attractiveness; on the other hand, McDonald's has been established as a socially responsible company following moral principles and its values "*to make the world a better place*" (McDonald's, 2020), which was a crucial factor but not the only one shaping the decision.

Analysis of the CEO's official statements demonstrated a solely moral and ethical perspective, referring to company's values without deeper explanation what specific values were applied to their decision. However, it is important to acknowledge that such decisions, in the context of global crisis, are made considering multiple political and economic aspects making it a complex process.

## 5.2 Moral Dilemmas of CSR

In terms of global crises, the company faces multiple moral dilemmas requiring in-depth assessment of their long-term consequences. Among them:

- **Balance between CSR and investors' interest**

One of the key challenges McDonald's faced was the need to balance between adhering to the stated ethical principles and fulfilling the obligations to stakeholders. Corporations **must** maximize their profit and maintain the stability of their business, but the radical decision to exit the Russian market might have caused irrevocable financial consequences and severe loss of stability. Exiting the market, causing serious financial losses, could have potentially caused investor dissatisfaction, reducing the company's investment attractiveness.

- **Global equity in decision-making**

The decision of McDonald's to withdraw its business has been motivated by ethical principles and criticism of war actions started by Russia in a sovereign state. However, corporation continues their operations in countries where basic human rights are permanently violated. For example, Saudi Arabia where the death penalty is still in use, severe women's rights violations, restriction of freedom of expression; or China undermining Hong Kong's autonomy, or where child labor remains a significant issue. (Human Rights Watch, 2025) This raises an important question: why did the company stop business operations in Russia without showing similar determination in other countries with human rights violations? (European Council of European Union, 2025)

The key issue here is selectivity in Corporate Social Responsibility (CSR) principles application. Is McDonald's decision to exit the Russian market dictated solely by ethical principles, or is it driven by political pressure and the need to maintain the 'image' for Western stakeholders? All these questions form one dilemma: could such selectivity be considered fair if Corporate Social Responsibility (CSR) is only applied in response to external pressure rather than real commitment to human rights protection?

- **Consequences for local partners and suppliers**

McDonald's decision to withdraw from the Russian market affected not only the company itself, but also the entire chain of domestic suppliers and partners who were relying on the stability of orders. Major suppliers invested in modern equipment and adjusted their business processes to cooperate with McDonald's in a long-term perspective. Therefore, McDonald's exit from the Russian market exposed their supply chain stakeholders to numerous risks, especially financial.

A serious dilemma arises: should a company consider such consequences during the decision-making process in terms of Corporate Social Responsibility (CSR)? On one hand, decision to withdraw from Russia highlights company's strong position in condemning military actions that are destabilizing the world; on the other hand, this decision caused significant harm to small and medium businesses that became hostages of the situation. Consequently, could a company's decision be considered fully ethical if it caused serious socio-economical consequences for multiple enterprises with thousands of employees?

- **Ethics of consumption and impact on customers**

All over the world, the brand of McDonald's has always positioned itself as affordable and, most importantly, safe food. The quality of their products is based on standards along with meticulous monitoring of the ingredients. However, right after the full transfer from McDonald's to the domestic operator "Vkusno I Tochka" finished in June 2022, consumers faced a severe lack of quality in bought products, which caused numerous food poisoning cases all over the country. (Dzen, 2022) So, if the major corporation, which has held a significant market share, withdraws from the market, could this result in a food safety threat for millions of local people? And should the company consider long-term consequences for public health in this case as a part of their Corporate Social Responsibility (CSR) strategies?

McDonald's decision of a full exit from the Russian market clearly demonstrated that Corporate Social Responsibility (CSR) is **not a universal concept** but a dynamic system which fully depends on the context. Based on the country, social-political situations and stakeholders' expectations, approaches to CSR can be adjusted, facing numerous moral dilemmas such as selectivity and transparency.

### 5.3 Long-term Implications and CSR Perception

Consequences of McDonald's withdrawal from the Russian market are both positive and negative: the positive effects include strengthening brand image in Western markets, increased stakeholders' loyalty; however, the corporation still lost a 58% market share resulting in severe financial losses, as the Russian market was considered one of the biggest and most influential outsiders of the United States.

McDonald's withdrawal from the Russian market resulted in a \$1.4-1.6 billion loss for the company based on its official statements. Nevertheless, reputational losses in case of another selected strategy could be much more significant in a long-term perspective. For example, the same as happened with McDonald's direct competitor Burger King, also a fast-food restaurant chain, which refused to leave the Russian market which resulted in boycotting and severe reputational losses; or Auchan, French hypermarket chain, who faced major protests in response to their decision to continue operating in the Russian market.

Furthermore, applying the concept of the Triple Bottom Line, the strategy of Corporate Social Responsibility (CSR) is not shaped just by financial performance of the company, but considers people and the planet. In McDonald's case, financial losses were offset by increased loyalty from western stakeholders, and the social aspect (people) lies in support shown to the people of Ukraine whose human rights were violated by the Russian invasion.

All the above-listed factors just additionally confirm that McDonald's decision is associated with both strategical and ethical CSR.

### 5.4 Difficulties in Implementing CSR in Conflict Zones

Corporate Social Responsibility (CSR) in conflict zones is associated with numerous complexities:

- **Research Limitations.** It is almost impossible to investigate true factors shaping CSR strategies of other companies as official statements could consist of misleading or insufficient information (such as McDonald's statement about solely relying on moral principles). Independent reasons could not be considered reliable on this matter.
- **Complexifying Factors.** In the politically unstable environment, businesses are influenced by different external factors such as government pressure (for

example, sanctions introduced in response to the Russian invasion in 2022), lack of standardization for corporate social responsibility in conflict zones, reputational threats, etc.

- **Moral Dilemmas in CSR.** Based on the McDonald's case, at least 4 significant ethical dilemmas were outlined: balance between CSR and investors' interest, global equity in decision-making, consequences for local partners and suppliers, ethics of consumption, and impact on customers. The list of dilemmas would be unique for each specific case, as the complexity of Corporate Social Responsibility (CSR) lies in its flexibility and dynamics.

McDonald's decision to withdraw from the Russian market demonstrates how strategies of Corporate Social Responsibility (CSR) could be adjusted to conditions of global crisis. This case study confirms that the company's decision-making process could not be based entirely on ethical principles but also involves strategic considerations, as during the crisis, businesses must take into account the interests of all stakeholders, including customers, investors and employees.

Therefore, approaches to CSR are impossible to standardize, especially in conflict zones. Each case requires individual evaluation of risks and consequences, which is why CSR functions as an adaptive framework that must account not only moral, but social, political and economic factors as well.

## 6 Conclusion

The research aimed to analyze the concept of Corporate Social Responsibility (CSR) in conflict zones, focusing on multinational corporation's decision-making process on whether to continue or cease operations in the Russian Federation, following its full-scale invasion of Ukraine in 2022.

To achieve the objectives of the thesis, the theoretical framework of Corporate Social Responsibility (CSR) was assessed. In particular, key concepts, strategies for business withdrawal from conflict zones, and factors shaping companies' decision-making processes in regard to forming their CSR strategies. The comparative characteristics of different approaches to CSR, full and partial exit strategies, local and international legislation frameworks were examined.

The practical part of the thesis was focused on an illustrative case study of McDonald's, a multinational fast-food chain, as an example of a major corporation that decided to completely leave the Russian market, selling all assets to the domestic counterpart "Vkusno i Tochka" ("Tasty and That's It"). Particular attention has been paid to factors influencing their decision and finding out if it solely relied on ethical considerations or strategic impact was also assessed.

A comparison between theoretical and practical frameworks confirmed that Corporate Social Responsibility (CSR) in an environment of global crisis is a combination of ethics and strategy. It has been clarified that the concept of CSR is not a universal standardized framework — it is an extremely flexible concept that almost fully depends on the context.

The research has highlighted that CSR becomes an integral part of corporate strategy, especially in conflict zones, where reputational risks could turn out to be critical for a company's future. McDonald's experience illustrated how socially responsible decisions could be integrated into strategies of sustainable development and how in spite of the short-term losses, repositioning on new markets could lead to long-term benefits.

Therefore, the research contributes to the understanding of Corporate Social Responsibility (CSR) in conflict zones, demonstrating that ethical and strategical management in business could be interrelated processes. Obtained results could be

helpful for further research in the field of CSR and for companies seeking clarification on the application of CSR principles in politically unstable environment.

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### **8.2 List of abbreviations**

<b>CSR</b>	Corporate Social Responsibility
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>ISO</b>	International Organisation for Standardisation
<b>SRI</b>	Socially Responsible Investing
<b>ESG</b>	Environment, Society & Governance
<b>EU</b>	European Union