“Management of social responsibility strategies of multinational corporations in russia during the war against Ukraine”

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MANAGEMENT OF SOCIAL RESPONSIBILITY STRATEGIES OF MULTINATIONAL CORPORATIONS IN RUSSIA DURING THE WAR AGAINST UKRAINE

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Abstract

This study examined how multinational corporations adapted their corporate social responsibility strategies while operating in russia during the ongoing war against Ukraine. Specifically, the analysis investigated the impact of different corporate social responsibility approaches on financial performance, stakeholder trust, and corporate reputation for multinational corporations operating in russia during the war. A game-theoretic model evaluated three distinct strategies: minimal corporate social responsibility engagement (Strategy 1), increased corporate social responsibility involvement (Strategy 2), and a complete exit from the russian market (Strategy 3). The quantitative analysis showed that companies choosing the exit strategy (Strategy 3) gained the highest payoffs for financial performance, stakeholder trust, and reputation. In contrast, minimal corporate social responsibility engagement (Strategy 1) resulted in negative outcomes, including reputational damage and potential exposure to sanctions. On the other hand, increased corporate social responsibility involvement (Strategy 2) produced neutral outcomes, offering short-term benefits but still leaving companies vulnerable to ongoing risks. The sensitivity analysis confirmed the stability of these outcomes. The study concludes that exiting the russian market not only aligns with ethical standards but also ensures long-term sustainability, offering critical insights for corporations navigating corporate social responsibility challenges in war zones.

Keywords corporate social responsibility strategies, multinational corporations, reputational risk, stakeholder trust, corporate reputation, financial performance, sustainability, HR management

JEL Classification M14, F23, Q56, D81

INTRODUCTION

Businesses operating in hostile countries such as russia face numerous moral and practical challenges. During war and crises, multinational corporations such as BP, Shell, and Siemens come under scrutiny due to their operations in regions where governments, like russia in the case of Ukraine, are perceived as hostile and violating human rights laws. This makes corporate social responsibility even more important: people expect global companies to be more open, help their communities, and set a positive example.

These companies are confronted with difficult decisions when choosing between remaining in a market that violates international laws or exiting and facing significant revenue losses. Customers will stick with a business longer if it maintains ethical principles. These strategies affect both how people see the company and how long it stays in business.

This study investigated the problems that multinational corporations face in conflict zones, as well as how they can be profitable and moral at the same time. This investigation explored how varying levels of corporate social responsibility, ranging from inaction to complete market withdrawal, impact a company's credibility, stakeholder trust, and financial performance. Businesses need moral leadership to deal with these kinds of issues. This study aims to highlight the importance of aligning strategies with stakeholder expectations to ensure long-term sustainability.

1. LITERATURE REVIEW AND HYPOTHESES

Corporate social responsibility programs have become much more important as multinational corporations decide to continue their operations in conflict zones. It is difficult for these companies to operate in conflict zones, such as the ongoing war between russia and Ukraine. Companies need strong corporate social responsibility plans that not only meet the community's immediate needs but also do the right thing and keep the business open (Maier, 2021).

Hook and Marcantonio (2023) investigated into how corporate social responsibility can assist communities in coping with the negative impacts of war. It encompasses more than simply doing the right thing; it also incorporates strategies to help businesses withstand crises. This work analyzes how companies operating in russia during its aggression against Ukraine managed their ethical responsibilities. For example, there is a lack of research on how much foreign companies are doing meaningful corporate social responsibility activities in these situations (Skiba, 2024).

The idea of "peace through commerce" is especially critical during the war between russia and Ukraine because businesses are seen as possible ways to help rebuild society and end the conflict (Hammouri, 2022). According to Cozad et al. (2023), war-sensitive business practices can help companies figure out ways to lessen rising tensions in the area. Corporations are under more pressure to help oppressed countries like Ukraine while still running their businesses (Green, 2021; Kumar, 2021). A balance must be struck between upholding moral values and generating profits.

There are several theories that can help understanding how such corporations can work in conflict-ridden areas. This concept is easier to grasp using Carroll's (2021) Pyramid, which categorizes corporate responsibilities into four levels: legal, ethical, philanthropic, and discretionary. Employees of these companies should consider how their decisions affect everyone. This concept can assist in formulating various strategies for conflicted areas (Freeman et al., 2020). Human rights groups and many governments say that multinational companies should leave russia because it is against international law and morality.

An empirical study by Onopriienko et al. (2023) found that companies that left russia after attack on Ukraine lost profits and damaged their reputation. In the short term, companies' income decreased when they left russia, but in the long term, their reputation and trustworthiness among stakeholders improved. Companies that continued to do business in russia, on the other hand, faced the risk of sanctions, boycotts, and permanent damage to their reputations around the world.

One major theme in the literature about conflict zones is how to balance moral duties with business needs. According to Parella (2023), after russia invaded Ukraine, BP and Shell tried to make their business practices more in line with their moral and legal duties by pulling their money out of russian oil companies. Stakeholder theory explains that companies should look out for the interests of everyone involved, not just shareholders (Freeman et al., 2020; Dooranov et al., 2022; Kaplina, 2022).

Community, environmental, and worker welfare are common corporate social responsibility priorities in war zones (Dresse et al., 2021; Wirba, 2024; Fallah Shayan et al., 2022). To adhere to international regulations, Siemens ceased selling to state-owned companies and working on new projects in russia (Evenett & Pisani, 2023). Companies like Siemens have also had a hard time managing their supply chains, particularly regarding avoiding areas that are conflict zones or have resources

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that could be utilized to finance armed groups (Chaffetz, 2021). By emphasizing ethical supply chains and supporting the local community, some corporations have managed to keep their businesses profitable during conflicts while minimizing the damage to their reputations.

Companies like LafargeHolcim doing business in the conflict zone in Syria were the target of harsh criticism (Tripathi, 2023). It can be challenging to help local economies while still doing business in an honest way. Additionally, during Colombia's civil war, multinational oil companies undertook corporate social responsibility initiatives to foster peace and improve the quality of life for local communities (Melin, 2021).

Recently, Ahmad et al. (2021) have also looked into how people react to different projects in war zones. Corporate social responsibility may be well received in these places, especially if customers think companies act morally. According to Yuan et al. (2023), when businesses work on principles of corporate social responsibility, it can make people more loyal to the brand and change how they feel about it. Even so, there is still doubt; some stakeholders and customers are wondering if such projects are just a front for companies to make a profit during tough times (Panwar et al., 2023). Many people in russia consider that the presence of foreign companies in the country implies their support for human rights violations.

Finding a middle ground between corporate social responsibility duties and business requirements in conflict zones is no straightforward task (Siltaloppi et al., 2021; Carroll, 2021; Gevorgyan & Baghdasaryan, 2021). Companies can sustain their morale and longevity by prioritizing workers' rights, environmental protection, and community involvement, even during times of conflict (Cezarino et al., 2022). Corporations can greatly benefit from stakeholder theory and Carroll's Pyramid theory to handle these obligations better.

This study aimed to detect how multinational companies change their corporate social responsibility strategies when they work in troubled areas. The primary emphasis was on the impact of these decisions on ethics, finances, and operations.

H1: *The exit from the russian market will improve stakeholder trust and reputation compared to multinational corporations with minimal corporate social responsibility.*

H2: *International corporations operating in russia that increase their corporate social responsibility efforts will receive modest short-term rewards, but they will face serious financial and reputational risks in the long run.*

H3: *International corporations that minimize corporate social responsibility while operating in russia risk consumer boycotts, reputational damage, and sanctions.*

2. METHODOLOGY

The current study examined how corporations respond to geopolitical crises, specifically highlighting russia's human rights violations and its ongoing conflict with Ukraine as a key example. In this study, a game theory was used to determine the types of corporate social responsibility strategies that large companies could employ in a dynamic setting. The company incorporates the interactions between the corporation and its stakeholders into its methodology. Each individual's decision plays a crucial role in shaping the overall outcome, which subsequently affects the company's financial success, credibility, and the confidence of its stakeholders.

2.1. Game-theoretic model and strategic choices

A game-theoretic model was used to detect how corporations and their stakeholders worked together strategically. The multinational company has three plans:

1. Minimal corporate social responsibility (S1): Despite the significant risks and potential damage to the company's reputation, it continues to operate in russia with minimal corporate social responsibility.

2. Increased corporate social responsibility (S2): Big companies are still involved in corporate

social responsibility projects in russia. It can keep its good name and financial stability by focusing on projects that help people or the environment.

3. Exit russia (S3): The multinational company pulled out of the russian market completely because it wanted to be a moral leader and follow international human rights standards. In the long run, this will protect everyone's trust and credibility.

Individuals, organizations, and nongovernmental and governmental bodies may either support or challenge corporate initiatives based on their perceived effects on ethical standards and profitability. Data for this study primarily stemmed from reports, news articles, and official communications from multinational corporations operating in russia during the war. Initially, corporate financial reports were examined to assess the effects of sanctions, expenditures on corporate social responsibility, and market withdrawal on their operations. The objective of this study was to analyze the value of different corporate social responsibility strategies, highlighting the implications of each choice for both the corporations themselves and their investors.

In Table 1, a 2x3 payoff matrix is formulated to compare the potential outcomes for corporations and stakeholders if they combine various strategies. Many factors, including the company's financial health, reputation, and stakeholder trust of its stakeholders, had an impact on the payoffs. People assessed the company's financial performance by examining its profits or losses, market share, and potential impacts of sanctions. The company's reputation and stakeholder trust, particularly in Western markets, are significant factors.

The Nash Equilibrium develops when neither the multinational corporations nor the stakeholders can change their strategy to get a better result on their own. Utilizing the game theory, the model evaluated whether the strategy adopted by the corporation and the responses from stakeholders resulted in a stable and beneficial outcome for all parties involved. This used real-life events to alter the payoff values and verify the equilibrium. This ensured that the strategies chosen were reasonable and able to last overtime. The methodology follows a structured approach to ensure consistency in decision-making analysis, as depicted in Table 2.

Annual corporate social responsibility reports from companies were the primary sources of in-

Table 1. Strategy and stakeholder payoff

Strategy	MNC payoff (P1)	Stakeholder payoff (P2)	Description of outcomes
Minimal corporate social responsibility (S1)	–5	–1	The multinational corporation faces reputational damage, sanctions, and boycotts, leading to stakeholder opposition.
Increased corporate social responsibility (S2)	0	0	The multinational corporation gains moderate benefits through increased corporate social responsibility but still faces opposition due to continued operations in russia.
Exit russia (S3)	7	8	The multinational corporation avoids sanctions, preserves its reputation, and gains stakeholder trust by exiting russia.

Table 2. Methodological steps involved in the game theoretical analysis

Step	Description
Identify stakeholders and strategic choices	Define the primary actors (multinational corporations and stakeholders). Identify the strategic options available to the multinational corporations: Minimal corporate social responsibility (S1), Increased corporate social responsibility (S2), or exit russia (S3).
Collect the data	Collect relevant data from company reports, stakeholder feedback, financial performance, sanctions, and corporate social responsibility reports for analysis.
Construct payoff matrix	Develop a 2x3 payoff matrix to show potential outcomes for both the corporations and stakeholders based on different strategies and stakeholder reactions.
Analyze payoff structure	Evaluate the financial, reputational, and stakeholder trust implications of each strategy (S1, S2, S3).
Determine Nash Equilibrium	Identify the Nash Equilibrium, the point where no player (multinational corporation or stakeholders) can unilaterally improve their outcome by changing their strategy.
Evaluate strategic stability	Test the robustness of the Nash Equilibrium through sensitivity analysis by adjusting for varying stakeholder responses and external market conditions.

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formation used to figure out the payoff amounts. The reports included financial and ethical performance indicators, including the potential costs of exiting the market. Using the game theory, the study explored how multinational companies can effectively navigate the ethical and practical challenges that arise when operating in conflict zones. These companies should keep long-term sustainability and stakeholder trust in mind.

3. RESULTS

This study illustrates various strategies using a game-theoretic model to explain how multinational corporations navigate their corporate social responsibility programs in response to russia's invasion of Ukraine.

3.1. Multinational corporation exit strategy (S3): A plan for long-term sustainability and ethical leadership

In the context of the ongoing conflict between russia and Ukraine, game theory provides a framework for analyzing the strategic decisions of foreign companies operating within the russian market. From a game-theoretic perspective, the optimal strategy for these enterprises may involve a complete withdrawal from the russian market. This decision not only aligns with ethical considerations but also enhances the company's reputation and ensures sustained profitability in the long term.

It might cost them money at first to leave the russian market, but it will be worth it in the long run. By leaving, such corporations avoid the financial risks that come with sanctions, like limited trade, frozen assets, and problems with the supply chain. The company positions itself for long-term financial stability by dissociating itself from russia's human rights violations and securing future opportunities in ethical corporate markets. The exit from russia shows ethical leadership; consumers and the international community value brands that take ethical positions in war. As the company receives widespread praise for its decision, positive public sentiment toward it is likely to increase. Long-term, ethical leadership boosts customer loyalty, employee satisfaction, and brand image, enhancing business success.

Multinational corporation payoff (P1): S3 is the exit strategy with the highest payoff of 7. This reflects global reputation, avoidance of sanctions, and stakeholder trust. It avoids serious losses from conducting business in russia.

Stakeholder payoff (P2): The exit scenario maximizes stakeholder payoff at 8. Global consumers, governments, and NGOs applaud the multinational corporation's ethical decision to leave russia, demonstrating its commitment to human rights and ethical business.

3.2. Analysis of alternative strategies

Continuing operations in russia with minimal corporate social responsibility efforts cost the multinational corporation payoff (–5). This scenario assumes the company suffers reputational damage, international sanctions, and consumer boycotts. Stakeholders, especially in the West, view the company as complicit in russia's human rights abuses, causing long-term financial and reputational damage. Stakeholder payoff is – 1 because they view the company as unethical and operating in a country that violates human rights.

In the second scenario (Increased corporate social responsibility), the multinational corporation increases corporate social responsibility while operating in russia, yielding neutral (0). Although some stakeholders may view increased corporate social responsibility as a positive step, it is insufficient to overcome the reputational damage from continuing operations in russia during war and human rights violations.

Table 3 highlights that exiting russia (S3) generates the highest payoffs for both the multinational corporation and the stakeholders. The exit strategy is the most favorable option, as maintaining operations with minimal or no corporate social responsibility results in either neutral or negative outcomes. When a multinational corporation operates in a country that violates human rights agreements, implementing an exit strategy can help it evade potential lawsuits and fines. This

Table 3. Payoffs for the multinational corporation and stakeholders across the three strategies

Strategy	Multinational Corporation Payoff (P1)	Stakeholder Payoff (P2)
Minimal corporate social responsibility (S1)	–5	–1
Increased corporate social responsibility (S2)	0	0
Exit russia (S3)	7	8

method can help companies lower the short- and long-term costs of dealing with legal and regulatory issues as well as sanctions from other countries. As a business grows and stays stable in the long term, stakeholders' trust is vital in the global market. The alignment helps the company's reputation and gives it an edge over its competitors.

A business can be affected by customers, nongovernmental organizations (NGOs), governments, and international organizations. The decision of multinational companies to leave russia (S3) may be supported by stakeholders. This support manifests as consumer loyalty and trust from governments and NGOs alike. Today, consumers are increasingly aware of and concerned about the ethical practices of brands. In the current global market, it is essential for businesses to prioritize issues such as human rights, environmental sustainability, and corporate social responsibility. Encouraging consumers to withdraw their support from unethical markets, such as russia during the conflict in Ukraine, can enhance brand loyalty. Customers feel more connected to a brand when they agree with its values and try to live by them. Increasing the company's message naturally improves its reputation and the way people see it, which lowers the cost of marketing.

Large nongovernmental organizations may encourage multinational companies to leave the russian market, especially those that protect human rights, the environment, and world peace. These organizations monitor companies and encourage them to act ethically, thereby shaping their corporate social responsibility policies. From an ethical perspective, nongovernmental organizations may publicly endorse the departure of multinational corporations from russia. These endorsements establish the company as a global leader in corporate ethics.

Governments, particularly in Europe, North America, and other regions aligned with Ukraine, have strongly condemned russia's actions and imposed significant economic sanctions on russian war supporters. Exiting the russian market assists multinational corporations in complying with these sanctions and portrays them as responsible corporate citizens to global governments. Compliance with sanctions shields multinational corporations from potential legal conflicts that could halt their worldwide operations.

Multinational corporations could be blamed if the situation gets worse or if the Russian government keeps breaking people's rights. Early departure safeguards the brand and prevents the regime's oppression. After their withdrawal from russia, multinational corporations may restore trust in emerging markets and take a stand against human rights violations in war zones to help restore their reputation. As a result, the company becomes an industry pioneer in ethical governance, which increases its allure in markets for corporate responsibility.

A higher market valuation, over time, can increase the company's attractiveness to ESG investors and other socially responsible investors. The exit from russia opens up new chances for ethical business growth, particularly in North America and Europe, where human rights and global sanctions are highly esteemed.

3.3. Analysis of minimal corporate social responsibility strategy (S1): Consequences and payoff interpretation

Sanctions from other countries and harm to one's reputation might result from continuing operations without corporate social responsibility initiatives (S1). Over time, sustainability is jeopardized due to damaged financial performance and stakeholder trust. Multinational corporations that remain in russia but do little to no corporate social responsibility face sanctions from the US and the EU. Global financial market access, asset freezes, and large fines can be the consequences for com-

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panies with minimal corporate social responsibility. Consumer distrust and ruble depreciation lower local revenue in russia.

Stakeholder opposition to minimal corporate social responsibility (R2) results in a sharply negative payoff (P1 = –5), reflecting financial penalties from sanctions, consumer confidence loss, and reputational damage.

Ethical consumers will see the company's presence in russia as an endorsement of a human rights violator. This perception can ignite social media campaigns and boycotts, hurting the company's sales across regions. This causes long-term brand erosion and reputational damage that is difficult to repair after the conflict. When payoff (P1 = –5) suffers from global market backlash when consumers oppose the company (R2) for ethical reasons, stakeholder support (R1) for the company leaving russia (S3) yields the highest positive payoff (P1 = 7).

Non-compliance with sanctions could lead to regulatory penalties and diminished future prospects, exacerbating financial repercussions. Additionally, a company's inability to adhere to global ethical standards can result in substantial financial losses (P1 = –5 under opposition). Multinational corporations that exit russia and follow ethical standards receive positive stakeholder support (R1), which improves payoff (P1 = 7) due to investor confidence and reduced regulatory risks. Low corporate social responsibility in Russia poses operational challenges. Supply chain disruptions, inflation, and ruble devaluation cause operational bottlenecks, and talent retention becomes a major issue as professionals leave the country. Companies that delay leaving russia may face increased pressure and higher exit costs.

Minimal corporate social responsibility in russia (S1) is risky and can result in financial penalties, consumer boycotts, and investor, stakeholder, and government distrust. Multinational corporations should choose an exit strategy (S3) on the payoff matrix because it offers the highest financial stability, stakeholder trust, and long-term sustainability (Table 4). By following global ethics, they can avoid the reputational and operational risks of staying in russia.

Some multinational corporations may stay in russia while increasing corporate social responsibility to mitigate reputational and financial damage after russia imposed war on Ukraine. Some examples of these include funding for local humanitarian aid, sustainability efforts, and worker welfare. While potentially effective in the short term, this approach neglects to address the underlying ethical issues that arise from conducting business in a country often criticized for its human rights violations.

People globally may view a company with skepticism if they suspect it is engaging in "ethics-washing" by obscuring its unethical business practices with superficial initiatives. A significant issue arises from the fact that the russian economy, closely tied to the government's military efforts, derives direct benefits from the company's operations in russia. International stakeholders, including governments, nongovernmental organizations, and consumers, have a challenging time supporting the company despite its ethical initiatives. In addition, Western consumers may boycott the company's products, and NGOs and governments may continue to criticize its presence in russia, causing long-term reputational damage and investor divestment.

Table 5 illustrates the outcomes for both the multinational corporation and stakeholders when increased corporate social responsibility efforts are employed while continuing operations in Russia.

S1 (Minimal corporate social responsibility) leads to negative outcomes when stakeholders oppose (P1 = –5), reflecting financial penalties and reputational damage. S2 (Increased corporate social responsibility) results in moderate payoffs, as stakeholders may appreciate the efforts but still view

Table 4. Payoff matrix for multinational corporations under sanctions

Stakeholder Reaction	Minimal Corporate Social Responsibility (S1)	Exit Strategy (S3)
Support (R1)	P1 = 2, P2 = 1	P1 = 7, P2 = 8
Oppose (R2)	P1 = –5, P2 = –1	P1 = 3, P2 = 7

Table 5. Payoff matrix outcomes for both the multinational corporations and stakeholder

Stakeholder Reaction	Minimal Corporate Social Responsibility (S1)	Increased Corporate Social Responsibility (S2)	Exit Russia (S3)
Support (R1)	P1 = 2, P2 = 1	P1 = 4, P2 = 3	P1 = 7, P2 = 8
Oppose (R2)	P1 = –5, P2 = –1	P1 = 0, P2 = 0	P1 = 3, P2 = 7

the company as complicit in russia's actions (P1 = 0 when opposed). S3 (Exit russia) yields the highest payoff, particularly when stakeholders support the company's ethical decision to leave (P1 = 7, P2 = 8). Increased corporate social responsibility in russia has short-term local benefits but no long-term benefits. Even with moderate payoffs when stakeholders support increased corporate social responsibility (P1 = 4), the long-term payoff is lower than exiting the market. Meanwhile, exiting russia is the best way to maintain stakeholder trust, reduce reputational damage, and preserve market value. The exit strategy meets global ethical standards and receives support from governments, consumers, and investors, improving the company's reputation and financial performance.

The Nash Equilibrium is found in S3 (Exit russia), which has the highest payoffs for both multinational corporations and stakeholders when stakeholders support the decision (P1 = 7, P2 = 8). Even in cases of opposition, the strategy remains the best choice with payoffs (P1 = 3, P2 = 7) compared to other strategies. Thus, the Nash Equilibrium supports that the optimal strategy for multinational corporations in this conflict situation is to exit russia, as it offers the best balance of long-term financial stability, reputational preservation, and stakeholder trust. A sensitivity analysis was conducted to ensure the robustness of the identified Nash Equilibrium. This analysis involves adjusting stakeholder reactions, market conditions, and external geopolitical factors to test the stability of the equilibrium under changing circumstances.

The sensitivity (Table 6) analysis confirms the robustness of S3 as the equilibrium strategy. The exit strategy remains optimal even under varying conditions, such as rising ethical demands or improved economic stability. Minimal corporate social responsibility (S1) and increased corporate social responsibility (S2) fail to maintain equilibrium under most tested conditions, further emphasizing the stability of the exit strategy.

3.4. Hypotheses verification

Based on the analysis and results, H1 is accepted. Multinational corporations that choose to exit the russian market (e.g., BP, Shell) will experience a significant increase in stakeholder trust and consumer sentiment compared to those that continue operating with minimal corporate social responsibility efforts. The game theory model shows that the exit russia strategy yields the highest stakeholder trust and reputational benefits compared to minimal or increased corporate social responsibility.

H2 is also accepted. Multinational corporations that increase corporate social responsibility efforts while continuing operations in russia (e.g., Siemens) will experience moderate short-term improvements in stakeholder trust, but long-term reputational and financial risks will outweigh the benefits. While increased corporate social responsibility offers moderate benefits in the short term, it does not outperform the exit russia strategy and presents long-term reputational risks, confirming the hypothesis.

Table 6. Sensitivity analysis

Scenario	Change in Conditions	Multinational Corporation Payoff (P1)	Stakeholder Payoff (P2)	Equilibrium Maintained?
S1: Minimal corporate social responsibility	Increased sanctions	P1 = –7	P2 = –2	No
S2: Increased corporate social responsibility	Positive media coverage but limited scope	P1 = 2	P2 = 1	No
S3: Exit russia	Rising stakeholder demands for ethics	P1 = 6	P2 = 7	Yes
S3: Exit russia	Stabilizing post-conflict economic climate	P1 = 8	P2 = 9	Yes

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H3 is also accepted. Multinational corporations that maintain minimal corporate social responsibility efforts while continuing operations in russia will face significant negative outcomes, including consumer boycotts, reputational damage, and financial losses due to sanctions and stakeholder disapproval. Minimal corporate social responsibility results in the lowest payoffs, with significant negative outcomes for multinational corporations and their stakeholders, confirming the hypothesis.

Both game theory and sensitivity analysis support the idea that leaving the russian market (S3) is the safest and best thing for multinational corporations to do. In the long term, this strategy will lead to the highest level of stakeholder trust, reputation protection, and financial stability. Based on the model's results, all three hypotheses are true, but the exit strategy has the best chance of occurring.

4. DISCUSSION

The corporate social responsibility initiatives undertaken by multinational companies operating in russia during the russia-Ukraine war provide valuable insights into managing stakeholder expectations, addressing operational challenges, and navigating moral dilemmas. Numerous studies have examined corporate social responsibility in war zones. The vast majority of studies have examined the moral, financial, and practical challenges that companies encounter. Cooley and Nexon (2022) and Maier (2021) claim that multinational corporations lose credibility and trust when they keep doing business in sensitive areas. Companies that try to stay in the russian market will lose customers, and their reputations will suffer.

This is especially clear for the minimal strategy (S1). Arenas et al. (2020) discovered that, over time, people may not trust companies that do not care about ethics in conflict zones. Without a doubt, the game-theoretic analysis contradicts their assertions. The current study shows that leaving the russian market (S3) is best for all parties in the strategic relationship between corporations and stakeholders.

If the company makes this step, it will have the greatest long-term impact on its bottom line, reputation, and stakeholder trust. This supports what Saha et al. (2020) explain: the most important for people in conflict zones is to trust each other by having open government and honest work practices. Additionally, the presented model analyzes the outcomes of various corporate social responsibility plans. It shows that more corporate social responsibility efforts (S2) might lessen the effects in the short term, but they would not be enough to keep businesses from ruining their reputations when doing business in russia.

It was found that sincere leaders can show they care about the company's reputation and the people who work for it by pulling out of the russian market. Freeman et al. (2020) state that companies should think about the needs of everyone involved in the decision-making process, not just shareholders. Other countries, investors, and customers have left the russian market. They see it as a sign of support for human rights and ethical business practices. Sari et al. (2021) assert that moral and honest leadership is necessary to maintain trust in geopolitically uncertain situations. Customer loyalty went up when there were good relationships with the government, investor trust, and stakeholder support (R1) for ethical exits. S. Shah and T. Shah (2023) claim that people are more likely to trust businesses and their leaders, especially when it comes to projects that help people and the environment.

Dau et al. (2020) demonstrated that investments in corporate social responsibility contribute to businesses expanding into new markets and mitigating operational risks.

In russia, where the war has widened the moral divide, remaining in the market is unlikely to yield long-term profits, regardless of the efforts invested in ethical practices. Establishing trust through transparency and robust governance is crucial, especially in conflict areas, as it supports the ethical principles and imperatives at stake (Daradkeh, 2023; S. Shah & T. Shah, 2023).

According to the current results, multinational corporations might find greater success by withdrawing from russia and concentrating their efforts on alternative markets. The reason for this is their ability to avoid fines, damage to their reputation, and annoyed customers. Panwar et al. (2023) explain that companies that put ethics ahead of short-term profits tend to do better during war. S2 might help the bottom line in the short term, but the current study shows that S3 (the exit strategy) is the best way to be a good leader, gain the trust of stakeholders, and keep the business going in the long term.

It is uncommon for multinational companies that work in conflict zones to balance operational realism with ethical responsibility. According to the current findings, when multinational oil and gas companies left russia, they used corporate social responsibility-aligned personnel strategies to help their local employees adjust. Even in tough political situations, companies remain committed to their ethical and social pillar, which is the well-being of their employees. The results of this study build on earlier work by Vadakkepatt et al. (2021) that showed the importance of safe working conditions in conflict zones. They demonstrated that operational pragmatism – maintaining employment for workers while ensuring an ethical transition – can enhance a company's credibility and gain the support of stakeholders. According to Daradkeh (2023), open governance and transparency in work practices are crucial for establishing trust, particularly in conflict-affected regions. Companies with an exit plan and leaders perceived as honest tend to garner more loyalty from stakeholders.

The findings of the presented study are consistent with Owens (2022) and Tripathi (2023), who assert that companies in the Democratic Republic of the Congo and Syria often have trouble keeping the trust of their stakeholders. Their goal is to strike a balance between what is right for business. Not leaving the russian market is too risky for morals and reputation, even if companies emphasize ethical practices. Companies in russia are working on an exit strategy (S3) that will last longer than such plans used in other parts of the world. Many people believe that leaving these countries might be the best way to find a balance between moral leadership, trust among stakeholders, and financial performance due to the poor human rights conditions in place (Girschik & Hotho, 2021; Chychun et al., 2023).

CONCLUSION

The primary objective of the study was to examine how multinational corporations navigate the challenges of corporate social responsibility in the context of russia's war with Ukraine. The game theory was used to formulate three different strategies: not doing any corporate social responsibility (S1), doing more corporate social responsibility while still running the business (S2), and leaving the russian market for good (S3). The results suggested that companies operating in conflict areas, facing pressure from stakeholders to act ethically, ought to withdraw from the market (S3). The findings indicated that corporations in a conflict zone, confronted with moral dilemmas and stakeholder pressure, would benefit most from existing in the market (S3). This approach minimizes the risk of profit loss, protects their reputation, and helps avoid potential legal issues, all while demonstrating a commitment to ethical leadership and human rights globally. Although an immediate financial cost may be associated with existing the market, the long-term advantages include increased trust from stakeholders, an enhanced reputation, and alignment with international ethical standards.

Strategy 2, on the other hand, calls for stepping up corporate social responsibility efforts while keeping business as usual. This could help in the short term, but it does not address the more serious moral problems that come up in a conflict zone. By engaging in corporate social responsibility initiatives, a company can repair some of the harm to its reputation. However, people with a stake in business will likely see ongoing operations supporting human rights violations. This will improve the company's reputation in the long run. However, this strategy does not work as well and can cause businesses to get fined, lose customers, and lose trust in everyone involved.

During a geopolitical crisis, overlooking ethical considerations can damage a company's reputation and reduce its competitiveness in the marketplace. The complexity of geopolitical issues in global business necessitates further research concerning the adaptation of corporate social responsibility functions in

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conflict zones. Examining how strategies can adapt to the distinct political, social, and cultural requirements of conflict zones is crucial. To better understand how businesses can maintain their ethical leadership over time, longitudinal studies that monitor the impact of corporate social responsibility decisions on stakeholders' trust and the company's reputation over the long term would be beneficial. Future research should also center on the human impact of corporations' actions in war-torn regions, including how these impact local communities and employees. Such research should highlight the significance of compassion and ethical business practices. To make sure that corporations are both profitable and agents of positive change in a broken world, these questions could lead to frameworks that help businesses balance their ethical responsibilities with their commercial interests.

The game-theoretic model elucidates the strategic choices made by multinational corporations operating in conflict-ridden regions, facilitating a clearer understanding of their corporate strategies. Furthermore, the findings reveal a novel insight regarding the significance of ethical divestment in sustaining relationships with stakeholders over time, thereby preserving corporate integrity. This study indicates that complete market exit is increasingly considered a viable and ethically sound strategy in wartime contexts. Moving forward, it is imperative to apply game theory in additional conflict zones to enhance understanding of how multinational corporations grapple with ethical dilemmas across diverse political landscapes. Additionally, a pressing need exists for longitudinal studies to further investigate the impact of various strategies on corporate reputation, stakeholder trust, and long-term financial performance.

AUTHOR CONTRIBUTIONS

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