

Colossal Blue Whales Consulting Group

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Topic Title: McDonald's and Nestle in Russia

Audience: Nestle Russia LLC

Sustainable Development Goal

SDG #16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

Executive Summary

The Russian-Ukrainian war has created legal, financial, and ethical challenges for multinational corporations operating on the Russian market. From a legal standpoint, companies must consider a number of international sanctions and Russian regulations, which may involve supporting military efforts. While some, such as McDonald's, choose to exit entirely to avoid participation in the conflict, others, like Nestle, opt to limit operations to “essential goods”, balancing legal aspects with ethical considerations. Financially, McDonald's and Nestle pursue contrary strategies in response to the crisis. McDonald's exit from Russia reflects a commitment to ethical principles despite significant financial losses incurred. In contrast, Nestle's decision to maintain operations underscores its dedication to the market and contribution to the Russian economy, neglecting ethical concerns. The financial ramifications and ethical implications highlight the real and complex decision-making process faced by corporations during geopolitical crises. From an ethical perspective, the conflict in Ukraine prompts questions about corporate responsibility and morality. Nestle's efforts to navigate the balance between profitability and ethical considerations exemplifies an inability to make the exact decisions against the background of the ongoing crisis.

From the point of view of the Colossal Blue Whales Consulting Group, the ethical solution would be to consider Nestle's social responsibility and withdraw from the Russian market, thereby fostering an environment for Russian production or other existing companies that offer similar products. This approach is exemplified by McDonald's, which prioritizes its social responsibility.