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# THE RESPONSIBILITY OF FOREIGN COMPANIES IN AGGRESSOR STATES: A REPLY TO BRÜHL

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A COMMENTARY ON Rolf Brühl (2024),<sup>1</sup> “Should They Go, or May They Stay: Companies In Aggressor States,” *J Bus Ethics* [Online Edition]: 1–18, <https://doi.org/10.1007/s10551-024-05790-0>

## ABSTRACT

This Commentary responds to Brühl’s (2024) criticism of corporate exit demands amid the Russia–Ukraine war, arguing that he misrepresents opposing views, neglects normative theory, and reverts to a Friedmanian logic, ignoring companies’ broader political and ethical responsibilities.

**IN FEBRUARY 2022**, Russia attacked its neighboring country, Ukraine. NATO member states and others are continuing to support the Ukraine with major financial funding and weapons to help the country fight the aggressor. Companies operating in or doing business with Russia have been heavily affected by this war. Many countries and supranational institutions have imposed sanctions on Russia. On March 20, only one month after Russia’s attack, Thomas Beschorner, Guido Palazzo, Peter Seele and Markus Scholz (Beschorner et al. 2022) published a short op-ed in one of Germany’s most relevant newspapers *Die Zeit* arguing that companies have moral obligations

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<sup>1</sup> **The Editorial Team is sad to note that Rolf Brühl passed away during the editorial process for this Commentary. We believe this commentary on his work continues to be of value, and we regret that we will be unable to invite his response.**

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Cite as: **Bus Ethics J Rev** 13(3) (2026): 12–18, <https://doi.org/10.12747/j1m03>

and that because of these obligations many – but not all (!) – companies should cut their ties with Russia. (This original contribution has been published as a short version in English and 10 other languages [Beschorner, et al 2022] to which Brühl refers in his article.)

Rolf Brühl (2024) criticizes Beschorner et al. (2022) and other authors (i.e. Posner, 2022; Sonnenfeld and Tian, 2022) for this demand. His article provides us (and others) with the opportunity for further reflections on the issue at hand.

In the following, we will state why (1) we think that Brühl actually attacks straw men when he pretends to take issue with Beschorner et al. (and as arguably Posner's) work, that he (2) ignores the state of research in business ethics and fails to clarify his understanding of business in society. Moreover, we argue that (3) Brühl's "complying with sanctions is enough – approach" is very similar to state that there is no other social responsibility of business, but to do business as long as it stays within the rules of game, i.e., a Friedmanian approach towards business ethics.

### **The two strawmen in the room**

Despite Brühl's explicit wish to promote academic dispute, we believe he attacks strawmen, i.e., he somewhat misinterprets authors (including us) who argued that companies should leave Russia.

*Firstly*, Brühl's overall point is that it cannot be argued that all companies should cut business ties with Russia, but a close – empirically informed – view is important since some sectors and/or some companies might provide essential goods and services which should be continued for humanitarian reasons. Our question is: Where is the disagreement with the argumentation of the main contributors Brühl is criticizing? There is no disagreement, but the disagreement Brühl constructs is a strawman to develop a certain storyline. Posner (2022), who is one prominent author Brühl refers to in his text, clearly states: "Thus, it will make sense to carve out exceptions for companies that are providing for the essential human needs of the Russian people – medicines and baby foods for example." By the same token, Beschorner et al. in their contribution to the debate Brühl refers to made very clear that there can be exceptions to a general call for companies to leave Russia, "such as supplying medicines or

providing services which contribute to the general safety of the population – such as maintenance for atomic power stations.” (Beschorner et al. 2022). This is Brühl’s straw man number one.

*Secondly*, Brühl aims to contribute with his paper to “an ethical evaluation,” and he claims that “the article bases its essential contribution to business ethics on two ethical theories— complicity theory and sanction theory ” (Brühl 2024: 12). As business ethics scholars we need to point out that this is a rather risky, if not misleading statement: Complicity theory and sanction theory might be mid-range normative concepts, to qualify them as ethical theories, however, is quite ambiguous. This becomes obvious in the legalistic – and not ethical – line of Brühl’s argumentation regarding the issue at hand which we will discuss in more details below. What is more important and what Brühl neglects – and this is why this is straw man number two – is that there is an ethical theory in the background in Beschorner et al. 2022 op-ed, elaborated elsewhere by the group of authors (de los Reyes, et al 2017; Scherer and Palazzo 2007). Beschorner et al.’s key phrase in this context is: “Any exception [of making business with Russia] needs to be justified”. And the keyword in this phrase is justification. Justifications take place in discourse where (individual or corporate) actors give and take “good reasons” for their actions, ideally – following Habermas (1984) – in communicative (and not just strategic) action and discourses with others, which as such would give us the chance to find reasonable perspectives. Brühl’s understanding of “ethical theories” seems to be solely legalistic, reducing ethics to a compliance box-checking exercise. For some, his perspective might fall into what Bietti (2020) has termed the “trivialization” of ethics.

Against this background, we argue that there can be exceptions for companies to stay in Russia, but the burden of justification lies on companies who want to stay, not the ones who want to leave this country. It is worth mentioning, not just as a footnote, that in March 2022, when Posner and Beschorner et al. published their contributions, there was in parts a strange public discourse where companies that cut business ties with the Russian were harshly criticized (due to shareholder interests?). What Beschorner et al. (and implicitly also Posner) suggested was no more and no less than

turning the ethical burden of justification: ethical considerations and respective public debates first, business interests second.

### **Sanctions alone or moral obligations and political roles?**

Against the backdrop of these two strawman points of criticism, we would like to unfold our argument on the theoretical discourse on the role of the state and of the private sector, more specifically by the functional differentiation between the two and how this differentiation has been recalibrated by the emergence of Political CSR theory as introduced by Scherer and Palazzo (2007).

Regrettably, Brühl does not explicitly articulate his broader view of the role of business in society. Nonetheless, he is unequivocal about how companies should navigate politically charged situations, such as a neighboring country's aggression and related atrocities. Brühl asserts that companies should continue their operations as usual and strictly adhere to legal regulations, including sanctions. He devotes a significant portion of his article to the theory of sanctions, arguing that sanctions against aggressor states should be exclusively administered by traditional political entities, such as nation-states or supranational institutions like the EU. Brühl's rationale is that effective and morally legitimate sanctions require precise calibration. These traditional entities adjust the severity of sanctions incrementally, starting with targeted measures against the aggressor's elite, such as restricting access to luxury goods, and potentially escalating to more comprehensive sanctions, such as excluding the aggressor's citizens from the international banking system. According to Brühl, if companies independently halt trade with aggressor states, they risk complicating the political process of sanction calibration, thereby impeding efforts to resolve the conflict without escalating tensions. Consequently, Brühl maintains that companies should adhere to targeted sanctions and avoid exacerbating the coordination challenges of sanctions, continuing their business operations unless instructed otherwise by political authorities.

It is particularly striking that after spending a substantial portion of his article explaining why companies should adhere strictly to sanctions without independently implementing their own measures, Brühl (2024: 8) acknowledges that companies might have moral reasons to cease operations and withdraw from Russia.

He suggests that companies engage in moral decision-making by weighing the consequences and considering legitimate stakeholder interests, such as those of employees and suppliers. This sudden shift raises questions about the coherence of Brühl's arguments. If, as argued, companies should not alter the "temperature" of sanctions, what is the normative basis for advocating moral reasoning in their decision-making? Brühl's paper does not provide a clear normative argument to support this shift.

We contend that any normative argument in business ethics must first address the fundamental role of business in society—a critical aspect that Brühl fails to elucidate. Beschorner et al. (2022) in their opinion piece, advocating for companies to withdraw from Russia, are grounded in a clear and consistent understanding of corporate responsibility and societal roles based on PCSR and normative corporate citizenship theory (see above).

### **The political role of companies**

As argued above, Brühl's theoretical understanding of the responsibilities of business is, in our view, not representing the state of the debate on corporate responsibility and resembles the old Friedman doctrine. We find it hard to understand why, in 2024, an article on the responsibilities of business should go back to the mere compliance and legalistic understanding of these responsibilities. Against the background of several given societal "grand challenges" and now also the challenges of aggressor states, we hold that responsibilities need to be understood in a broader sense, last but not least, in an ethical sense that goes beyond saying that ethicality lies in compliance with legal norms (Seele 2018).

Prominent CSR theories in the past decade—which also mainstreamed into management studies, such as (normative) Corporate Citizenship (e.g., Crane, et al 2008) and Political CSR (Scherer and Palazzo 2007) (rightly) criticized and corrected a narrow understanding of business as mere economic actors. What are the reasons for such developments? An important hint concerns an increasingly globalized world far beyond nation state economies, the process of globalization with two trajectories: Globalization of markets both on the B2C and B2B level through supply chains. And the emergence of the

multinational corporation (MNC) as legal entities operating in often more than 100 different jurisdictions.

Beyond Brühl's emphasis on mere compliance with national sanction regimes (and it is worth noting that there is ample evidence of sanctions being circumvented by some companies), the very idea of "political CSR" was originally grounded in the recognition of governance gaps. These gaps arise when existing political, legal, or institutional frameworks are insufficient to address pressing transnational issues. They occur because national laws are territorially bound, while markets and corporations operate globally, and international institutions often lack authority or enforcement capacity. The result is a mismatch between global problems and governance mechanisms, creating risks of regulatory failure, under-enforcement, and power asymmetries. To address these gaps, corporations were called upon to assume political responsibilities, theoretically rooted in Jürgen Habermas's political philosophy and his notion of communicative action as a pathway toward deliberative democracy.

Received 5 July 2025 / Posted 29 May 2026

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