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Corporate Ethics in War Zones: The Strategic and Moral Dilemmas of Multinational Corporations During Active Conflict

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Abstract

Multinational corporations (MNCs) increasingly find themselves operating in, adjacent to, or supplying actors within active armed conflicts, whether by geographic necessity, resource endowment, or strategic choice. This paper interrogates the ethical, legal, and strategic dilemmas that confront such corporations, drawing on the business-and-peace, conflict-sensitive business practice, and business-and-human-rights literatures. It develops a conceptual model of the corporate ethical decision process in conflict zones, synthesises case evidence from the extractive, manufacturing, and financial-services sectors, and presents a comparative risk-exposure analysis across sectors. The paper argues that corporate conduct in war zones cannot be adequately captured by a binary of "complicity" versus "withdrawal"; rather, firms navigate a continuum of strategic postures whose ethical defensibility depends on due-diligence rigor, transparency, and the political economy of the conflict itself. The paper concludes with a governance framework for conflict-sensitive corporate practice and recommendations for regulators, investors, and corporate boards.

Keywords: *corporate ethics; multinational corporations; armed conflict; business and human rights; conflict-sensitive business practice; corporate social responsibility; complicity; due diligence*

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1. Introduction

The past three decades have witnessed a marked expansion in the geographic and operational reach of multinational corporations into regions afflicted by civil war, insurgency, and state collapse. Extractive firms operate concession blocks in the Niger Delta and eastern Democratic Republic of Congo (DRC); telecommunications and infrastructure companies rebuild networks in Iraq and Afghanistan; and financial institutions process transactions that, however indirectly, sustain war economies from Colombia to Yemen [1,2]. This expansion has not been accidental. Resource endowments, frontier-market growth premiums, and post-conflict reconstruction contracts have made conflict-affected states attractive, if hazardous, sites of corporate investment [3].

The presence of MNCs in active conflict zones raises a distinctive set of ethical questions that differ in kind, not merely in degree, from ordinary corporate social responsibility (CSR) debates conducted in stable, rule-of-law environments. Where state institutions are weak, security forces may be predatory, and the line between legitimate taxation and extortion is

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blurred, corporate decisions about whom to pay, whom to protect, and whom to employ acquire a moral weight approaching that of state action itself [4]. A single security contract, community development payment, or supply-chain decision can materially affect the trajectory of a conflict, either by moderating violence through employment and stability, or by financing armed groups and legitimising abusive regimes [5,6].

This paper addresses three interrelated questions. First, what are the principal ethical dilemmas that MNCs encounter when operating in active conflict zones? Second, how have scholars, international bodies, and practitioners sought to conceptualise the strategic-versus-moral tension embedded in these dilemmas? Third, what governance architecture might plausibly reconcile commercial viability with ethical conduct in such settings? In pursuing these questions, the paper contributes a synthesised conceptual model (Figure 1), a comparative sectoral risk-exposure profile (Figure 2), and a structured review of case evidence (Tables 1-4) intended to move the discussion beyond anecdote toward a more systematic account of corporate conduct under conditions of armed conflict.

The paper proceeds as follows. Section 2 reviews the relevant literature across four overlapping traditions: business-and-peace studies, conflict-sensitive business practice, business-and-human-rights scholarship, and the political economy of war economies. Section 3 develops a theoretical framework distinguishing strategic and moral rationales for corporate conduct in conflict zones. Section 4 outlines the paper's methodological approach. Section 5 presents case-based analysis and comparative data. Section 6 offers a multi-perspective discussion incorporating corporate, host-community, home-state, and international-institutional viewpoints. Section 7 synthesises the strategic and moral dilemmas identified. Section 8 proposes a governance framework and recommendations. Section 9 concludes.

2. Literature Review

2.1 Business-and-Peace Scholarship

An early and enduringly influential strand of scholarship examined whether, and under what conditions, private commercial activity could contribute positively to peace processes. Nelson's foundational study argued that businesses possess distinctive capacities, financial resources, technical expertise, and long-term local presence, that can be mobilised for conflict prevention and post-conflict reconstruction, provided firms adopt what she termed "conflict-sensitive" operating practices [7]. Wenger and Möckli extended this analysis, cataloguing instruments through which firms have supported peace processes, ranging from track-two diplomacy facilitation to targeted community investment [8]. This literature tends toward an optimistic reading of corporate capability, treating MNCs as potential "partners" in peacebuilding architectures alongside states and non-governmental organisations (NGOs).

A parallel and more cautious current within this tradition emphasised that the same attributes enabling constructive engagement, capital, logistics networks, and relationships with local power-holders, could equally entrench conflict dynamics. Killick, Srikantha, and Gündüz observed that local and multinational business actors in fragile states frequently profit from the persistence of conflict through rent-seeking arrangements with armed factions, meaning that the peacebuilding potential of business is contingent rather than inherent [9]. Ballentine and Nitzschke similarly cautioned that business engagement in conflict settings spans a

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spectrum from constructive to predatory, with the ethical valence of any given firm's conduct depending on context-specific incentive structures rather than sector or nationality alone [10].

2.2 Conflict-Sensitive Business Practice

Building on Mary Anderson's "Do No Harm" framework, originally developed for humanitarian and development actors, a body of applied literature adapted the do-no-harm principle to corporate operations [11]. International Alert's guidance for extractive industries represented one of the first systematic efforts to translate conflict-sensitivity into operational practice, recommending conflict impact assessments, stakeholder mapping, and revenue transparency as core due-diligence tools [12]. Business for Social Responsibility produced parallel guidance emphasising that even firms without extractive footprints, manufacturers, retailers, and financial institutions, could inadvertently exacerbate conflict through supply-chain linkages to armed actors or through employment practices that entrenched ethnic or sectarian favouritism [13].

Zandvliet and Anderson's later synthesis argued that the quality of corporate-community relations is itself a determinant of conflict risk: firms that fail to manage land acquisition, compensation, and grievance mechanisms responsibly frequently generate or intensify local grievances that feed into broader conflict dynamics, independent of the firm's intent [14]. This literature is notable for shifting the unit of ethical analysis from the abstract corporate entity to specific operational decisions, procurement, hiring, security contracting, whose cumulative effect determines a firm's net contribution to conflict or peace.

2.3 Business and Human Rights

The most institutionally consequential development in this field has been the emergence of the business-and-human-rights framework associated with John Ruggie's mandate as UN Special Representative on business and human rights. The 2011 UN Guiding Principles on Business and Human Rights (UNGPs) articulated a tripartite "Protect, Respect, Remedy" framework: states must protect against human rights abuse by third parties including business; businesses must respect human rights through due diligence; and victims must have access to remedy [15,16]. Crucially for conflict-zone operations, the UNGPs specify that the responsibility to respect human rights applies with heightened stringency in conflict-affected areas, where the risk of a business enterprise being involved in gross human rights abuses is markedly elevated [15].

Complementary instruments have operationalised this framework for specific sectors. The Voluntary Principles on Security and Human Rights, developed jointly by governments, extractive companies, and NGOs, provide guidance on managing relationships with public and private security forces so as to avoid facilitating human rights abuses [17]. The OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas established a five-step due-diligence framework subsequently incorporated into the Dodd-Frank Act's Section 1502 conflict-minerals provisions and the EU Conflict Minerals Regulation [18,19]. The Kimberley Process Certification Scheme, though narrower in scope and widely criticised for enforcement weaknesses, represents an earlier attempt at supply-chain certification targeted specifically at conflict diamonds [20].
Scholars within this tradition have debated the legal and moral concept of corporate

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"complicity" in conflict-related human rights abuses. Wettstein argues that complicity should be understood not only in terms of direct perpetration but also through concepts of "beneficial" complicity (profiting from abuses committed by others) and "silent" complicity (failing to raise concerns about ongoing abuses of which the firm is aware) [21]. Deva and Bilchitz's edited volume surveys the contested question of whether human rights obligations can or should attach directly to corporations as opposed to states, a debate with direct bearing on how conflict-zone conduct is evaluated [22].

2.4 Political Economy of War Economies

A distinct but essential literature examines the political economy of "war economies", the ways in which armed conflict generates and is sustained by economic activity, including corporate activity. Le Billon's analysis of resource-fuelled conflict demonstrated that the geographic and technical characteristics of resource extraction, point-source versus diffuse, near capital versus distant, shape the mechanisms by which resource revenues finance armed groups and, correspondingly, the leverage that corporate actors hold over conflict dynamics [23,24]. Collier and Hoeffler's influential "greed and grievance" framework, while focused primarily on the economic motivations of rebel movements rather than corporate conduct per se, established the empirical baseline against which corporate contributions to conflict financing are typically assessed [25].

Watts and Karl's work on the Niger Delta and petro-states more broadly illustrates how extractive corporate presence can interact with weak governance to produce a "resource curse" dynamic in which the presence of lucrative extractive assets correlates with elevated conflict risk, environmental degradation, and the erosion of accountable governance [26,27]. Global Witness's investigative reporting on the Angolan civil war provided some of the earliest documented evidence of specific corporate transactions, oil-backed loans and diamond purchases, that directly financed belligerent parties, catalysing subsequent supply-chain regulation [28]. Human Rights Watch's investigation into artisanal and industrial gold mining in conflict-affected regions of the DRC similarly documented direct payment relationships between mining operations and armed groups [29]. More recent quantitative work by Berman and colleagues found a robust empirical association between the presence of mineral extraction sites and the intensity of local armed conflict in African contexts, lending econometric support to the qualitative case literature [30].

2.5 Sector-Specific and Regional Studies

Frynas's analysis of CSR in the oil industry situates corporate conduct in the Niger Delta within a broader critique of voluntary CSR as insufficient to address the structural drivers of conflict, namely revenue capture by elites and environmental harm borne by host communities [31]. Amnesty International's investigation into the Niger Delta similarly documented the gap between the CSR commitments of oil majors and lived community experience of pollution and impoverishment amid substantial extractive revenues [32]. Rettberg's study of business associations in Colombia offers a contrasting account in which organised business actors played a documented facilitative role in peace-process design and post-accord economic reintegration, suggesting that collective business action, as opposed to individual firm conduct, can shift incentive structures toward constructive engagement [33]. Ganson and Wennmann's Adelphi study synthesises this tension, proposing that firm behaviour in fragile states is best understood as a function of the interaction between firm-level governance quality and the broader "fragility" of the host state's institutions [34].

Sherman's study of private military and security companies (PMSCs) adds a further dimension, examining how the growing corporate market for security provision in conflict zones creates a distinct and under-regulated category of ethical risk, given the direct nexus between PMSC conduct and the use of force [35]. Duffield's broader critique of the "new wars" paradigm situates all such corporate involvement within a critique of liberal peacebuilding architectures, arguing that private-sector integration into conflict and post-conflict governance can obscure rather than resolve underlying political economy drivers of violence [36]. Feil and colleagues' typology of corporate roles, ranging from firms who actively fuel conflict to firms who withdraw or actively support peace, to an intermediate category of firms whose conduct is ambiguous or context-dependent, is widely cited as a heuristic for classifying corporate conduct, and is adapted in Table 2 below [37].

2.6 Synthesis and Gap

Across these four literatures, a consistent tension emerges between structural/political-economy accounts, which tend to treat corporate conduct as substantially determined by the incentive structures of war economies, and agency-centred accounts within the business-and-peace and business-and-human-rights traditions, which emphasise the scope for firm-level choice, due diligence, and voluntary governance to shift outcomes. Kolk and Lenfant's empirical study of CSR reporting by MNCs operating in Central African conflict zones found that corporate disclosure of conflict-related risks and impacts remained inconsistent and often superficial relative to the severity of documented harms, suggesting that voluntary governance mechanisms, absent binding legal accountability, have thus far produced only partial convergence between corporate rhetoric and conduct [38]. This paper positions itself at the intersection of these literatures, treating corporate conduct in conflict zones as jointly shaped by structural incentives and firm-level ethical agency, and using this synthesis to inform the conceptual model presented in Section 3.

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3. Theoretical Framework

3.1 The Strategic-Moral Duality

Corporate decision-making in conflict zones can be analysed along two partially independent axes: a **strategic axis**, concerned with commercial viability, asset protection, and risk management; and a **moral axis**, concerned with the firm's obligations to respect human rights, avoid complicity in abuse, and contribute where possible to conflict mitigation. In stable operating environments these axes are frequently, though not always, aligned: ethical conduct correlates with reputational and legal risk management, producing a "business case" for responsible practice. In active conflict zones, however, the two axes can diverge sharply. Continued operation may be strategically rational, protecting sunk capital investment, retaining market position, sustaining employment, while simultaneously requiring engagement with predatory security actors, payment of "taxes" to non-state armed groups, or continued production under conditions that indirectly sustain the war economy [10,23].

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3.2 A Conceptual Model of the Corporate Ethical Decision Process

Figure 1 presents a conceptual model synthesising the literature reviewed above. The model identifies three antecedent pressures acting upon the firm: the operating context (security conditions and governance gaps), corporate strategic interests (market access, resource endowments, sunk costs), and external stakeholder and normative pressure (home-state regulation, NGO scrutiny, the UNGPs and related soft-law instruments). These pressures converge at a corporate ethical decision node, at which the firm effectively performs a risk-benefit-value calculus, whether explicitly through formal enterprise risk management processes or implicitly through accumulated operational practice. This decision node resolves into one of three broad strategic postures: (a) continued operation under conditions that risk complicity in conflict-related harm; (b) constructive engagement through conflict-sensitive operating practices, community investment, and enhanced due diligence; or (c) strategic withdrawal, whether for ethical, reputational, or security reasons.

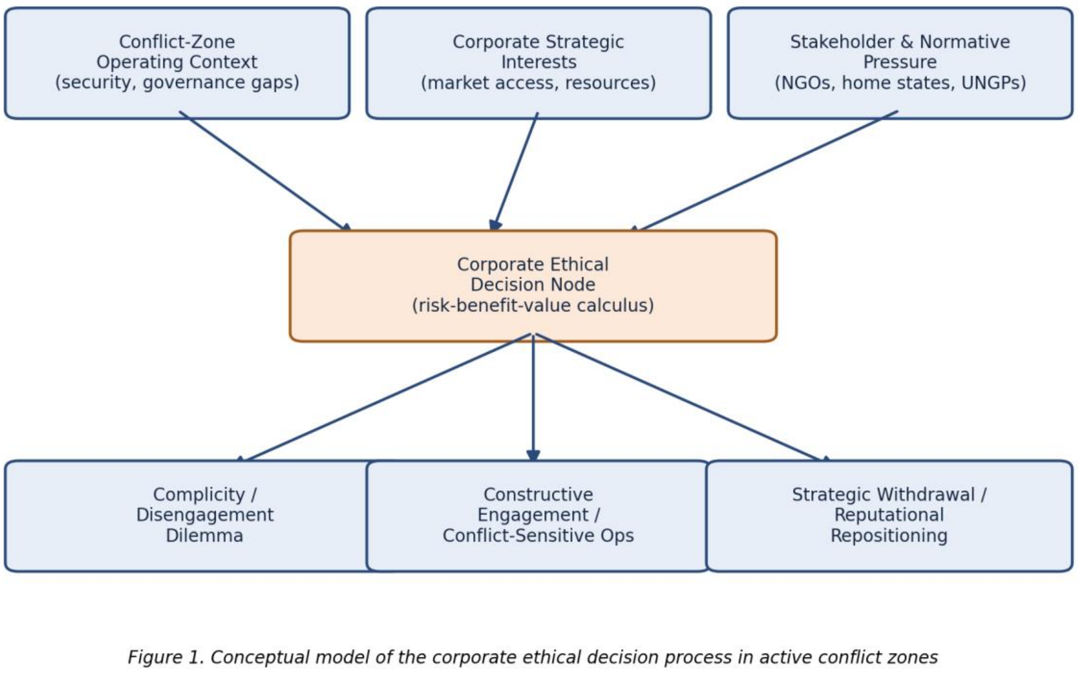

Figure 1. Conceptual model of the corporate ethical decision process in active conflict zones

Importantly, this is not a one-time decision but an iterative process; firms frequently cycle between postures as conflict dynamics, stakeholder pressure, and internal governance capacity evolve. Shell's engagement in the Niger Delta, for instance, has been characterised by successive shifts between continued production, enhanced community investment programmes, and periods of substantial operational withdrawal from onshore assets, corresponding to shifting security conditions and reputational pressure over multiple decades [31,32].

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3.3 Typologies of Corporate Conduct

Building on Feil and colleagues' typology [37], this paper adapts a four-category classification of corporate roles in conflict settings, presented in Table 2: (i) **conflict-fuelling** firms, whose direct transactions materially finance or arm belligerent parties; (ii) **complicit-by-omission** firms, which benefit from conflict-related conditions (cheap land, weak regulation, captive labour) without directly financing violence but without adequate due diligence to avoid indirect facilitation; (iii) **conflict-sensitive** firms, which adopt due-diligence, transparency, and community-engagement practices intended to minimise harm and, where feasible, contribute to stability; and (iv) **peace-positive** firms, which actively deploy corporate resources (mediation support, economic reintegration programmes, revenue-sharing transparency initiatives) toward conflict resolution. This typology is not static; the same firm may occupy different categories across different operating sites or time periods, and the boundaries between categories are frequently contested by different stakeholder groups, a point elaborated in Section 6.

3.4 Complicity as a Legal and Moral Concept

Following Wettstein [21] and the jurisprudential development of complicity doctrine in international criminal law, this paper distinguishes three gradations of corporate complicity relevant to conflict-zone operations: **direct complicity**, in which the firm knowingly and substantially assists in the commission of an abuse (e.g., providing vehicles or equipment specifically requested for and used in an attack); **beneficial complicity**, in which the firm derives an advantage from abuses committed by others without directly assisting (e.g., benefiting from land cleared through forced displacement carried out by state security forces); and **silent complicity**, in which the firm's continued relationship with an abusive actor, absent any protest or corrective action, is construed as tacit endorsement. These gradations map onto differing standards of legal liability across jurisdictions and differing thresholds of moral culpability in normative analysis, a distinction this paper treats as central to evaluating specific corporate conduct in Section 5.

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4. Methodology

This paper adopts a qualitative, literature-synthesis and case-comparison methodology. Given the sensitivity, contestation, and frequently classified or disputed nature of primary evidence regarding corporate conduct in active conflict zones, direct field research was neither feasible nor appropriate within the scope of this paper. Instead, the analysis draws on: (a) the peer-reviewed and institutional literature reviewed in Section 2; (b) documented case material from investigative and monitoring organisations (Global Witness, Human Rights Watch, Amnesty International) whose methodologies are independently established in the literature; and (c) the soft-law and regulatory instrument texts (UNGPs, OECD Guidelines, Voluntary Principles) that constitute the principal governance architecture currently applied to this domain.

Case selection for Section 5 follows a most-different-systems logic, selecting cases across three sectors (extractive, manufacturing/industrial, financial services) and three conflict typologies (resource-driven civil war, sectarian/ethnic conflict, and post-invasion

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reconstruction) in order to test whether the ethical dilemmas identified in the literature review generalise across operating contexts or are sector- and context-specific. The comparative risk-exposure profile presented in Figure 2 and Table 3 should be read as an **illustrative, qualitatively derived synthesis** of relative risk dimensions across sectors, based on the pattern of findings across the case literature, rather than as a statistically validated index; this limitation is discussed further in Section 8.4.

5. Case-Based Analysis

5.1 Overview of Selected Cases

Table 1 summarises four illustrative cases drawn from the literature, selected to represent variation across sector, conflict type, and predominant corporate posture.

Table 1. Overview of Selected Multinational Corporation-Conflict Zone Case Studies

Case	Sector	Conflict Context	Predominant Corporate Posture	Principal Ethical Dilemma	Key Sources
Oil operations, Niger Delta, Nigeria	Extractive (oil & gas)	Sub-state militant insurgency; communal violence over resource revenue	Cycled between continued production, community investment, and partial onshore withdrawal	Balancing continued production (economic value, energy security) against documented environmental harm and community grievance fuelling local conflict	26,31,32
Diamond and oil sector, Angola (1990s civil war)	Extractive (diamonds, oil)	Civil war between government (MPLA) and UNITA rebel movement	Predominantly conflict-fuelling via diamond purchases and oil-backed loans, prior to Kimberley Process reforms	Direct versus beneficial complicity in financing both government and rebel war efforts through resource transactions	20,23,28

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Case	Sector	Conflict Context	Predominant Corporate Posture	Principal Ethical Dilemma	Key Sources
Mineral supply chains, eastern DRC	Extractive/manufacturing supply chain (tin, tantalum, tungsten, gold)	Multiple non-state armed group conflict linked to mineral trade	Mixed; artisanal mining sites linked to armed group taxation, alongside emerging conflict-minerals due-diligence compliance	Downstream manufacturers' responsibility for upstream supply-chain complicity absent direct operational presence	18,19,29, 30
Post-invasion reconstruction contracting, Iraq (2003-2011)	Services/infrastructure, private security	Post-invasion insurgency and sectarian conflict	Mixed; reconstruction contractors and private security firms operating under direct military-contractual relationships	Ethical status of firms operating under occupying-power contracts amid documented private-security use-of-force incidents	35,36

5.2 Extractive Sector: The Niger Delta

The Niger Delta case illustrates the complicity spectrum in acute form. Extractive operations generate substantial government and corporate revenue while host communities have documented experience of oil spills, gas flaring, and inadequate compensation, conditions identified in the literature as contributing to the emergence and persistence of militant groups engaged in pipeline sabotage, kidnapping, and armed confrontation with security forces [26,32]. Corporate reliance on Nigerian state security forces, documented in multiple independent investigations as having committed serious human rights abuses in the course of protecting oil infrastructure, has been analysed as a case of beneficial, and at points arguably silent, complicity: the firm benefits from security provision without direct operational control over the abusive conduct of state forces, yet continues the security relationship absent robust independent oversight [31,32]. The case also illustrates the "constructive engagement" pole of the typology in Table 2, insofar as extractive firms operating in the Delta have implemented community development trusts, local content and employment programmes, and, at various points, adopted enhanced grievance mechanisms, interventions the literature treats as necessary but empirically insufficient to resolve the underlying governance and revenue-distribution drivers of conflict [31].

5.3 Extractive Sector: Angola and the Kimberley Process Response

The Angolan case represents a more clear-cut instance of direct and beneficial complicity, subsequently addressed through international regulatory response. Global Witness's investigation documented that revenues from diamond purchases and oil-backed loan arrangements financed both the government (MPLA) and rebel (UNITA) war efforts over an extended civil war period, with specific corporate transactions traceable to arms procurement [28]. This case is historically significant for two reasons: first, it demonstrates that resource-driven conflict financing can occur through ostensibly ordinary commercial transactions (commodity purchase, loan structuring) rather than through direct provision of weapons; second, the international regulatory response, the Kimberley Process Certification Scheme, illustrates both the potential and the limits of supply-chain certification as a governance instrument, given widely documented enforcement gaps and the scheme's narrow definitional focus on conflict diamonds financing rebel movements specifically, to the exclusion of government-perpetrated abuses financed by the same commodity trade [20].

5.4 Manufacturing Supply Chains: Conflict Minerals in the DRC

The DRC conflict-minerals case shifts the locus of ethical responsibility downstream, from firms with direct extractive operations to manufacturers (electronics, automotive, aerospace) whose supply chains incorporate minerals sourced, often through multiple intermediary layers, from conflict-affected mining sites. Human Rights Watch and subsequent econometric research documented direct taxation and control of artisanal mining sites by non-state armed groups, establishing a resource-conflict nexus analogous to the Angolan case but mediated through considerably longer and more opaque supply chains [29,30]. This case is significant for illustrating the limits of firm-level agency: a downstream manufacturer may have no direct operational presence in the conflict zone and may be several supply-chain tiers removed from the point of extraction, yet regulatory frameworks (Dodd-Frank Section 1502, the EU Conflict Minerals Regulation, and the underlying OECD due-diligence guidance) have increasingly extended due-diligence obligations to this downstream position, reflecting a normative judgment that supply-chain distance does not, by itself, dissolve ethical responsibility [18,19].

5.5 Post-Invasion Reconstruction: Iraq

The Iraq reconstruction case illustrates a distinct ethical configuration in which corporate presence arises from direct contractual relationships with an occupying or intervening military power rather than from independent commercial investment decisions. Reconstruction contractors and private military/security companies operating in this context faced documented incidents implicating contracted personnel in use-of-force controversies, most prominently the Nisour Square shooting involving contracted security personnel, which became a focal point for debates about legal accountability gaps applicable to private security actors operating alongside state militaries [35]. Duffield's broader critique situates this case within a wider argument that the integration of private commercial actors into military and reconstruction

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operations can blur legal and moral accountability lines that would, in a purely state-military context, be more clearly attributable to the state itself [36].

5.6 Comparative Typological Analysis

Table 2 situates the four cases, together with generalised sector patterns, within the four-category typology developed in Section 3.3.

Table 2. Typology of Corporate Roles in Conflict Settings, with Illustrative Case Mapping

Typological Category	Defining Characteristic	Illustrative Case Alignment	Predominant Complicity Gradation
Conflict-fuelling	Direct transactions materially finance or arm belligerents	Angola diamond/oil-backed loans (pre-Kimberley Process)	Direct complicity
Complicit-by-omission	Benefits from conflict-related conditions without direct financing; inadequate due diligence	Niger Delta security-force relationship; early-stage DRC mineral supply chains	Beneficial / silent complicity
Conflict-sensitive	Adopts due-diligence, transparency, community engagement to minimise harm	Post-reform DRC conflict-minerals compliant supply chains; Niger Delta community-trust programmes	Mitigated beneficial complicity
Peace-positive	Actively deploys corporate resources toward conflict resolution and reintegration	Colombian business-association peace-process engagement	Not applicable (proactive)

5.7 Comparative Sectoral Risk-Exposure Profile

Figure 2 presents an illustrative, qualitatively derived comparative risk profile across three broad sectors, extractive, manufacturing/industrial, and services/finance, along six risk dimensions drawn from the case literature and synthesised in Table 3.

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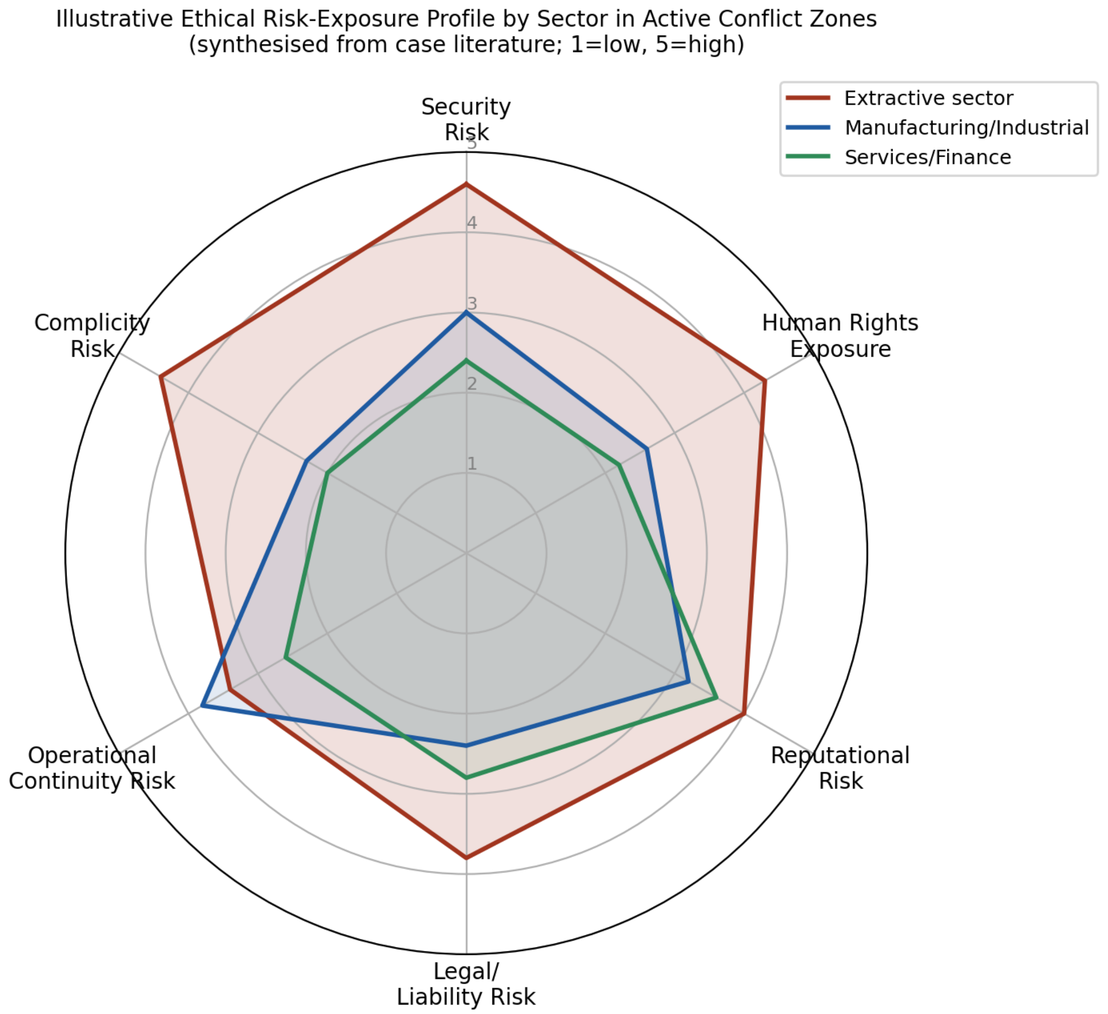

Figure 2. Illustrative ethical risk-exposure profile by sector in active conflict zones

Table 3. Illustrative Risk-Exposure Matrix by Sector and Dimension (Qualitative Scale: 1 = Low, 5 = High)

Risk Dimension	Extractive	Manufacturing/Industrial	Services/Finance	Basis for Rating
Security risk (direct threats to personnel/assets)	4.6	3.0	2.4	Extractive assets are geographically fixed and high-value, attracting direct targeting [23,35]
Human rights exposure (linkage to	4.3	2.6	2.2	Extractive operations

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Risk Dimension	Extractive	Manufacturing/Industrial	Services/Finance	Basis for Rating
abuses by security forces or armed groups)				rely heavily on public/private security provision in situ [17,32]
Reputational risk	4.0	3.2	3.6	Extractive and financial brands are both highly visible to NGO monitoring, though for different reasons [28,38]
Legal/liability risk (statutory due-diligence exposure)	3.8	2.4	2.8	Conflict-minerals statutes create direct downstream manufacturer liability [18,19]
Operational continuity risk	3.4	3.8	2.6	Manufacturing supply chains face disruption risk from upstream conflict-affected sourcing [30]
Complicity risk (direct/beneficial/silent)	4.4	2.3	2.0	Extractive firms' proximity to armed actors elevates all three complicity gradations [21,29]

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Note: Ratings are illustrative and qualitatively derived from the pattern of findings in the case literature cited; they are not the output of a validated quantitative instrument and should be interpreted as a heuristic for comparative discussion rather than a precise measurement.

The comparative profile suggests that extractive-sector firms face materially higher exposure across security, human rights, and complicity dimensions, consistent with their geographically fixed, high-value assets and consequent reliance on security arrangements in situ. Manufacturing/industrial firms, by contrast, exhibit relatively elevated operational-continuity risk, reflecting supply-chain vulnerability to disruption at conflict-affected extraction points, while facing lower direct security and complicity exposure given typical geographic distance from the conflict zone itself. Services and financial firms display a distinctive profile of moderate reputational risk, arising from financial-flow monitoring and correspondent-banking scrutiny, combined with comparatively low direct operational and complicity risk.

6. Multi-Perspective Discussion

6.1 The Corporate Perspective

From a corporate governance standpoint, boards and executives operating in conflict-affected jurisdictions confront a fiduciary tension between shareholder-value maximisation and an emergent, though not universally codified, duty of human rights due diligence. Firms frequently frame continued operation in conflict zones as serving multiple stakeholders simultaneously: shareholders, through continued revenue generation and protection of sunk capital; host-country employees, through continued employment in economies where alternative livelihoods may be scarce; and, in the energy sector specifically, home-country consumers, through continuity of supply [3,31]. This framing is not without normative force: abrupt withdrawal can itself carry ethical costs, including mass local unemployment, ceding of infrastructure and revenue streams to less scrupulous successor operators, and loss of whatever moderating influence continued engagement might exert on security-force conduct [10,34]. Corporate risk officers increasingly formalise conflict-sensitivity through enterprise risk management frameworks incorporating the Voluntary Principles on Security and Human Rights and OECD due-diligence guidance, though the literature notes persistent gaps between formal policy adoption and operational implementation, particularly at the level of local subsidiary and contractor conduct [12,38].

6.2 The Host-Community Perspective

Host communities, as reflected in the investigative and human-rights literature, frequently articulate a starkly different assessment of the same corporate conduct that firms characterise as continuity-preserving. Amnesty International's Niger Delta investigation documents community testimony emphasising that decades of extractive revenue have coincided with limited local development, persistent environmental harm, and, at points, direct community exposure to security-force violence associated with protecting corporate infrastructure [32]. From this perspective, corporate community-investment programmes, however well-intentioned, are frequently perceived as insufficient relative to the scale of extracted value and as failing to address the underlying governance and revenue-distribution grievances that fuel conflict, a critique substantiated in Frynas's broader analysis of CSR limitations in the oil industry [31]. This perspective underscores that "conflict-sensitivity," as operationalised by corporate actors, is contested terrain: what a firm characterises as adequate stakeholder engagement may be experienced by host communities as inadequate consultation absent genuine decision-making power over resource governance.

6.3 The Home-State and Regulatory Perspective

Home states, the jurisdictions in which parent MNCs are domiciled, occupy an ambivalent position. On one hand, home-state regulatory frameworks, Dodd-Frank Section 1502, the UK Bribery Act's extraterritorial reach, French due-diligence law (loi de vigilance), and the emerging EU Corporate Sustainability Due Diligence Directive, have progressively extended legal obligations regarding conflict-zone conduct beyond the traditional territorial jurisdiction of the host state [18,19]. On the other hand, home states frequently possess a countervailing strategic interest in their firms' continued access to conflict-affected resource markets, whether for energy security, critical-minerals supply chains, or reconstruction-contract diplomatic leverage, creating a structural tension between regulatory stringency and industrial-policy considerations [23]. This tension is reflected in the historically uneven enforcement of conflict-related due-diligence statutes and in periodic legislative rollback pressure, illustrating that home-state governance of MNC conduct in conflict zones is itself a contested political process rather than a settled legal baseline.

6.4 The International-Institutional Perspective

International institutions, the United Nations, OECD, and multi-stakeholder initiatives such as the Voluntary Principles and Kimberley Process, have progressively constructed a soft-law architecture around corporate conduct in conflict zones, most comprehensively articulated in the UNGPs' "Protect, Respect, Remedy" framework [15,16]. This architecture explicitly acknowledges the limits of voluntary self-regulation while stopping short of establishing binding international legal obligations directly enforceable against corporations, reflecting the underlying tension in international law between the traditionally state-centric structure of human rights obligations and the practical reality of corporate power exceeding that of many host states in fragile settings [22]. The ongoing negotiation of a binding UN treaty on business and human rights, initiated in 2014 and still unresolved at the time of writing, reflects the unresolved character of this institutional debate, with business associations and several major home states favouring continued reliance on the UNGPs' voluntary architecture, while a coalition of developing states and civil-society organisations advocate binding treaty obligations [22].

6.5 The Critical Political-Economy Perspective

A further, more structurally sceptical perspective, associated with Duffield and the broader critical political-economy literature, holds that the entire apparatus of conflict-sensitive business practice and voluntary due diligence functions primarily to legitimise continued corporate extraction from conflict-affected states rather than to substantially alter the underlying distribution of risk and benefit [36]. From this vantage point, even genuinely well-implemented conflict-sensitivity programmes leave intact the more fundamental structural conditions, weak host-state governance, resource-revenue capture by narrow elites, global demand for extracted commodities, that generate conflict risk in the first instance. This perspective does not necessarily counsel corporate withdrawal, since withdrawal alone does not alter global commodity demand or host-state governance failures, but it does counsel considerable epistemic humility regarding the transformative claims sometimes made on behalf of voluntary corporate governance instruments.

6.6 Reconciling the Perspectives

Table 4 summarises the divergent evaluative criteria applied by each stakeholder group to the same underlying corporate conduct, illustrating why apparently similar corporate actions (e.g., continued extractive operation combined with community investment programmes) receive sharply divergent ethical assessments depending on the evaluative standpoint adopted.

Table 4. Divergent Stakeholder Evaluative Criteria for Corporate Conduct in Conflict Zones

Stakeholder Group	Primary Evaluative Criterion	Typical Assessment of Continued Operation with CSR Mitigation
Corporate management/shareholders	Commercial viability; fiduciary duty; risk-adjusted return	Justified if due diligence and risk controls are documented and proportionate
Host communities	Distributive justice; lived exposure to harm; governance voice	Frequently viewed as insufficient relative to extracted value and harm experienced
Home-state regulators	Legal compliance; extraterritorial statutory obligations	Compliant if statutory due-diligence thresholds are met, though thresholds vary by jurisdiction
International institutions (UN, OECD)	Alignment with UNGPs "Protect, Respect, Remedy" framework	Partially aligned; due diligence present but remedy mechanisms frequently underdeveloped
Critical political-economy scholars	Structural transformation of conflict-generating conditions	Assessed as largely legitimising rather than transformative

This divergence is not merely an artefact of incomplete information; it reflects genuinely different normative commitments regarding the appropriate locus of responsibility (individual firm conduct versus structural political economy) and the appropriate standard of adequacy (procedural due diligence versus substantive outcome). Any governance framework proposed in response to these dilemmas, addressed in Section 8, must therefore explicitly grapple with this pluralism rather than assume a single evaluative standard can resolve it.

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7. Synthesis: The Strategic and Moral Dilemmas Reconsidered

7.1 Dilemma One: Continued Operation versus Withdrawal

The most frequently discussed dilemma, whether to continue operating or to withdraw from a conflict-affected jurisdiction, resists a general resolution because the ethical calculus depends heavily on context-specific variables: the firm's leverage over security-force conduct, the availability of successor operators whose conduct might be worse, the economic dependency of host communities on continued employment, and the firm's capacity to implement meaningful conflict-sensitivity measures [10,34]. The case evidence in Section 5 suggests that neither blanket continuation nor blanket withdrawal constitutes a defensible general policy; rather, the ethical defensibility of either posture depends on the rigor and good faith of the due-diligence process underlying the decision, and on transparent, ongoing reassessment as conflict conditions evolve.

7.2 Dilemma Two: Security Provision and the Complicity Spectrum

A second dilemma concerns the corporate relationship with security provision, whether through host-state security forces, private military/security contractors, or informal protection arrangements with non-state armed actors. The Voluntary Principles framework provides the most developed guidance in this domain, yet the case evidence indicates persistent gaps between formal adherence and operational practice, particularly regarding independent verification of security-force conduct funded or facilitated by corporate payment [17,32,35]. The complicity gradations developed in Section 3.4, direct, beneficial, and silent, offer an analytically useful framework for assessing specific instances, though their application in practice frequently requires factual determinations, regarding a firm's actual knowledge and control, that are contested and difficult to verify independently.

7.3 Dilemma Three: Supply-Chain Responsibility at a Distance

The DRC conflict-minerals case illustrates a third dilemma, the appropriate scope of ethical and legal responsibility for firms operating at a supply-chain remove from the conflict zone itself. The regulatory trajectory, from voluntary OECD guidance to binding statutory due-diligence obligations, reflects an evolving normative consensus that supply-chain distance mitigates but does not eliminate responsibility, particularly where a firm's due-diligence effort is demonstrably inadequate relative to publicly available information regarding supply-chain risk [18,19,30]. This dilemma is likely to intensify as due-diligence obligations extend into new sectors (e.g., critical minerals for renewable-energy and battery supply chains) with comparably complex, multi-tier, and conflict-affected sourcing geographies.

7.4 Dilemma Four: Reconciling Divergent Stakeholder Standards

The fourth and most structurally intractable dilemma, evident in Table 4, is that no single corporate action can simultaneously satisfy the evaluative standards of all relevant stakeholder groups. A firm that maximises shareholder value while meeting minimum statutory due-diligence thresholds may nonetheless be judged, by host communities and critical scholars, as legitimising ongoing structural harm. Conversely, a firm that withdraws entirely in response to human rights concerns may be judged, by employees and some development economists, as

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abandoning a modest moderating influence in favour of moral self-exoneration that leaves host communities economically worse off without materially altering conflict dynamics. This paper does not claim to resolve this tension definitively; rather, it argues in Section 8 that governance frameworks should be designed to make the underlying trade-offs transparent and contestable, rather than to assert a false consensus where none exists.

8. Toward a Governance Framework: Discussion and Recommendations

8.1 Principles for Conflict-Sensitive Corporate Governance

Synthesising the literature and case analysis above, this paper proposes five governance principles for corporate conduct in active conflict zones:

1. **Heightened due diligence as a standing obligation, not a one-time assessment.** Consistent with the UNGPs' emphasis on enhanced due diligence in conflict-affected areas, firms should treat conflict-zone risk assessment as an ongoing, iterative process tied to real-time conflict monitoring rather than a static pre-investment exercise [15,16].

2. **Independent verification of security-force relationships.** Given the documented gap between formal Voluntary Principles adherence and operational practice, firms should support genuinely independent, third-party verification mechanisms for security-force conduct linked to corporate payment or facilitation, rather than relying solely on internal compliance reporting [17,35].

3. **Supply-chain transparency proportionate to conflict-risk geography.** Due-diligence intensity should scale with the documented conflict-risk profile of sourcing geography, consistent with the OECD's risk-based due-diligence model, with particular attention to newly emerging critical-mineral supply chains [18,19].

4. **Meaningful, resourced grievance mechanisms with third-party oversight.** Addressing the host-community critique articulated in Section 6.2, grievance mechanisms should include external verification and should be resourced at a scale proportionate to the value extracted from the operating context, rather than functioning as a reputational-management instrument alone [14,32].

5. **Transparent disclosure of the strategic-moral trade-off itself.** Rather than presenting continued operation or withdrawal decisions solely in the language of risk management, firms should disclose the substantive ethical trade-offs underlying such decisions, including the anticipated impact on host communities and conflict dynamics, to enable external stakeholder scrutiny consistent with the UNGPs' remedy pillar [15,38].

8.2 Implications for Investors and Financial Institutions

Institutional investors and financial institutions occupy an increasingly significant, if under-examined, position in this governance architecture, given their capacity to condition capital access on documented conflict-sensitivity performance. Environmental, social, and governance (ESG) investment screening frameworks have begun to incorporate conflict-affected and high-risk area due-diligence criteria, though the case literature suggests considerable variation in the rigor with which such criteria are applied relative to headline ESG metrics such as carbon

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disclosure [38]. This paper suggests that conflict-zone due-diligence performance warrants treatment as a distinct, material ESG risk category rather than subsumption within generic “social” or “governance” scoring, given the acute and often binary (life-and-death) stakes involved relative to other ESG risk categories.

8.3 Implications for Regulators and International Institutions

The ongoing negotiation of a binding UN business-and-human-rights treaty, alongside the implementation trajectory of the EU Corporate Sustainability Due Diligence Directive, represents the principal near-term institutional development relevant to this domain [22]. This paper’s case analysis suggests that regulatory effectiveness in this domain depends heavily on three design features: extraterritorial reach sufficient to capture parent-company liability for subsidiary and contractor conduct; verification mechanisms independent of self-reported corporate compliance; and meaningful remedy mechanisms accessible to affected host communities, addressing the persistent “remedy gap” identified in the UNGPs’ third pillar [15,22].

8.4 Limitations

This paper’s reliance on a qualitative, literature-synthesis methodology, and its illustrative rather than statistically validated comparative risk-exposure profile (Figure 2, Table 3), constitute significant limitations. Future research would benefit from systematic, cross-nationally comparable data on corporate conduct in conflict-affected jurisdictions, an undertaking complicated by the legitimate methodological and safety challenges of primary data collection in active conflict settings, as well as from longitudinal case-study designs capable of tracing the evolution of specific corporate postures (per the typology in Table 2) over the full arc of a conflict and its aftermath.

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9. Conclusion

Multinational corporations operating in active conflict zones confront ethical dilemmas that cannot be adequately resolved through the application of ordinary CSR frameworks developed for stable operating environments. The literature and case evidence reviewed in this paper indicate that corporate conduct in such settings occupies a contested spectrum between conflict-fuelling complicity and genuinely peace-positive engagement, with the ethical defensibility of any given corporate posture depending substantially on the rigor of due diligence, the independence of verification mechanisms, and the transparency with which firms disclose the underlying strategic-moral trade-offs to external stakeholders. No single governance instrument currently in force, whether the UNGPs, the Voluntary Principles, the OECD due-diligence guidance, or sector-specific statutory regimes, fully resolves the tension between commercial viability and moral obligation identified throughout this paper; rather, these instruments constitute a partial, evolving architecture whose effectiveness depends on continued strengthening of independent verification and remedy mechanisms. The multi-perspective analysis in Section 6 further indicates that this tension is not merely an information or implementation gap but reflects genuinely divergent normative commitments among corporate, community, regulatory, and institutional stakeholders, a pluralism that future governance design should acknowledge and structure for, rather than assume away. As critical mineral supply chains, climate-related resource competition, and continued state fragility in multiple regions suggest that MNC presence in conflict-affected jurisdictions is likely to persist or intensify, the governance and accountability questions addressed in this paper are likely to remain, and plausibly to grow, in both practical and scholarly significance.

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