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The Growing Dangers And Risks Companies Face If They Do Not Cut Ties With Russia



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UKRAINE - 2022/01/26: In this photo illustration, the Royal Dutch Shell logo is seen displayed on a ... [+] SOPA IMAGES/LIGHTROCKET VIA GETTY IMAGES

The list of companies that are [cutting ties with Russia](#) because of President Vladimir Putin's invasion of Ukraine continues to grow. But so do the risks if organizations stay on the sidelines of this international crisis.

Forbes reported that, "An overwhelming majority of Americans support companies taking action to support Ukraine against Russia's invasion—as opposed to just issuing a corporate statement without concrete measures—a new Morning Consult [poll](#) finds."

[Neeru Paharia](#), an associate professor at Georgetown University's McDonough School of Business, said that companies "who take a stand are more likely to benefit from consumer sentiment than followers. Further, early actors can make their competitors look questionable (e.g. Shell vs. ExxonMobil). Therefore, companies should act sooner rather than later so they are perceived as authentic leaders."

Shell Takes A Stand

Reuters said that Shell ([SHEL.L](#)) will exit all its Russian operations, including a major liquefied natural gas plant, it said on Monday. "We are shocked by the loss of life in Ukraine, which we deplore, resulting from a senseless act of military aggression which threatens European security," Shell Chief Executive Ben van Beurden said in a statement.

Still On The Sidelines

Yet to be heard from is Exxon, which has more than 1,000 employees in Russia, and has been in the country for over 25 years, [according to CNN](#).

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Business leaders who continue to sit on the sidelines of this growing international crisis will likely face growing pressure from customers, investors and other stakeholders to

Speak up and speak out against Russia's invasion—no matter their business interests with that country.

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Failure to take a stand could create various crisis situations for companies, ranging from damaging headlines to boycotts by consumers and vendors, and turn into a literal bottom line issue.

As with all crisis situations, the longer corporations wait to do or say something about the crisis, the worse it is likely to get for them. And in the case of Russia's war against Ukraine, there could come a time when silence may be assumed or interpreted by the public to be in *support* of Putin. When that happens, business leaders will find themselves in a position that could be difficult—if not impossible—to defend.

According to [CNN](#), "In the U.S., [Russian television network] RT still continues to have a foothold. Both DirecTV and DISH broadcast RT America, the U.S. version of the outlet, to their customers.

"When asked for comment, a DISH spokesperson told [CNN](#), "Our thoughts are with all the people of Ukraine, and particularly with our team members in the country. We are closely monitoring the situation."

"The DISH spokesperson did not elaborate beyond the brief statement. A DirecTV spokesperson did not respond to a request for comment."

Consumer Pressure Is Mounting

[Liana Semchuk](#) is a Europe-Eurasia Intelligence analyst at strategic advisory firm [Sibyline](#) and a Russia-Ukraine expert. She noted that, “Consumer pressure in the West will increase substantially in coming weeks as footage from the conflict emerges, amidst allegations of Russian shelling of civilian areas, with the potential for consumer-driven boycotts of companies maintaining substantial product sales in Russia.

“Firms in the tech sector are especially likely to face increased shareholder and consumer pressure to cut exports to Russia, in particular following officials in Kyiv calling for specific companies such as Apple to stop product sales in Russia, including blocking access to its App store,” she said.

Semchuk pointed out that, “social media giants are also coming under increased pressure by Western consumers, with governmental pressure likely to mount if Russian misinformation is perceived to be disseminated on their platforms.

“As such, with the West demonstrating an unprecedented[ed] level of unity and support for Ukraine during the crisis, consumer and governmental pressure on companies to divest from Russia will substantially increase moving forward as Europe braces for a mass influx of refugees from Ukraine,” she concluded.

Balancing Complex Factors

[Baruch Labunski](#), CEO of Rank Secure, said that, “We can literally see the lines of Russian soldiers and equipment heading into Ukraine. What we can’t see as easily is the line of companies worldwide who are metaphorically fleeing from Russia, afraid the global disdain for the invading country and its leader will taint their image.

“Businesses may be balancing complex factors that influence their decision to continue doing business with and in Russia, like the loss of access to natural resources and concern for Russian employees, but the whole world is watching,” he said.

‘Only One Decision To Make’

“From a PR perspective, given the overwhelming support for Ukraine, I believe businesses have only one decision to make, and it’s when—not if—they should distance themselves from Russia. As the news cycle continues to serve up video and images of

brave Ukrainians who refuse to abandon their homeland, the consequences of doing anything that could be seen as supporting Russia could be catastrophic,” Labunski noted.

“From boycotts to public shaming, I believe we’ll see serious ramifications for businesses that refuse to openly oppose Putin and Russia,” he predicted.

Supporting Those Who Oppose Russia

Although companies are likely to be *penalized* by the public if they do not take a stand against Russia, they should not expect to be *rewarded* when they do.

[Jeremy Knauff](#), the founder of Spartan Media, said that, “from what I've seen so far, there is a significant double standard. People are quick to demonize the smaller companies that don't have much impact on the situation one way or the other but much slower to criticize—if they do at all—the larger multinational companies that could have an impact on Russia's decisions,” he said

“Just yesterday, I saw [a SaaS company](#) that’s located in Russia and serves the digital marketing industry with a huge presence in the U.S., attacked relentlessly on Twitter for not speaking out.

“Meanwhile, the company's critics are still buying gas, which the U.S. imports from Russia. So a company can speak out and potentially damage its revenue while having little to no real impact on Russia's decisions, or keep quiet and get attacked by online activists, also potentially damage its revenue. It's really a no-win situation,” Knauff observed.

Three Important Questions

As the crisis in Ukraine continues to escalate, the most important questions business leaders have to ask themselves now may be these: “What are we waiting for? What are we going to do? And when are we going to do it?”

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