

There are lessons to be learned from businesses pulling...

Published: January 13, 2026, 12:41 pm

The Russian assault on Ukraine continues to shock, offend all sensibilities and create feelings of despair about the human capacity to be inhumane to others in at least equal part. I make no pretence to know what the outcome, or when it might arrive, might be. I am, however, inclined to note that a great deal of business has shown the capacity to react in response to what is happening.

In 1970, Milton Friedman argued that the only social responsibility of business was to maximize profits. In that case, if Russia represented a profitable business opportunity for the many multinational concerns that were located there, they clearly no longer agree with Milton Friedman. A wide range of concerns, including (at long last) all the Big Four firms of accountants, have now announced the closure of their operations in Russia. I suspect that it will be a long time before they go back.

I really do not think that I need to discuss the rights or wrongs of boycotting Russia at this moment. What is of much more interest is that in the face of substantial systemic risk these businesses were able to react, and quickly. Anyone who wants to claim in the future that enormous time, and notice, is required for any desired change to take place within the business community should take note: the evidence is that this is not true.

There are, however, two points to note. One is that it is the front of stage appearance of these businesses that has changed in a great many cases. For example, whilst the Big Four firms of accountants have undoubtedly made the decision to break their ties with their Russian firms, that does not mean that these Russian firms cease to exist. Given the structure of the Big Four, the reality is that the local operations that were previously a part of their network can now continue to exist under separate, local, operating names, and as a consequence provide similar services to those previously supplied in the names of the Big Four. My point is to simply note that what was previously a franchise has now become an outsourced operation. Whether anything much has actually changed is open to question.

The second consequence to notice that other, now closed down, activities will very likely be reopened in due course. For example, if McDonald's decides to never return to

Russia (and I have no idea if that will be the case) then it is quite possible that somebody will take over the restaurants they once ran and operate some new, alternative, burger chain. McDonald's may take a hit on the sale, but Russia may not eventually be deprived of fast food.

There is good reason for noting these two facts. This is that they both have relevance when considering the likely reaction of business to the other great existential threat that we now face, which is climate change. The pressure on business to become net zero compliant is significant, and appropriate. Many businesses are making commitments to that target. However, we need to be wary of the way in which they are doing this. With colleagues, I am now noting an apparent increase in outsourcing to move emissions off balance sheets. There is also some evidence that pressure from investors to meet climate targets is creating pressure to divest from carbon intensive activity, but not to either change it or close it. It will simply continue under other, most likely private venture capital, ownership.

I am not suggesting that the businesses pulling out of Russia are insincere in their commitments. Most will take a significant financial hit as a consequence of doing so. What I am instead suggesting is that we need to be aware that the world is more complicated than statements of intent often imply. In particular, just because one business is pulling out of Russia does not mean that the activity ends, and my point is that we also need to be aware of this with regard to climate change as well. Ownership is an issue in monitoring business activity, but at the end of the day, ownership is much less significant than the activity that actually takes place within an economy. We need to keep an eye on that as well.