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Business in the Time of Coronavirus: Navigating a Pandemic

Companies need to understand how to deal with knee-jerk responses from governments, and not upset politically-important partners.

By Nabi Abdullaev

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Vyacheslav Prokofyev / TASS

In 2006, a U.N. humanitarian agency hired me and another former Moscow Times colleague Simon Saradzhyan to write a scenario paper for Russia's North Caucasus over the next three years. We outlined three worst-case scenarios: a wide-scale mutiny and brutal response by the authorities, catastrophic terrorist attacks and an outbreak of a deadly epidemic — specifically avian flu. While the first did occur in Ingushetia, the latter two were avoided.

Fast forward to several weeks ago, when a major international bank approached global risk

consultancy Control Risks' Moscow team to write a similar scenario paper for Russia over the next three years. As we discussed key uncertainties with the bank's representatives, we focused on the domestic presidential process, oil prices, the U.S. presidential election, the recent change of government in Moscow, and several other areas.

There was not one word about a potential epidemic. Not because it was unthinkable, just because we did not think of it.

As I worked on our proposal several days later, I dug out our old 2006 scenario paper, and thought it would be a good idea to include an epidemic outbreak in the list of key uncertainties. But by the time the proposal was good to go to the client, it was no longer an uncertainty. What was intended to be just one possible scenario — an alternative future aimed to help the client with contingency planning — had become an unavoidable reality, catching governments and companies around the world off-guard.

Many companies know how to protect themselves against more-or-less perpetual risks. Firms do due diligence to avoid working with suspicious partners, they conduct background checks to sift out problematic job seekers and they monitor sanctions lists to escape potential problems with international regulators. Very few companies were initially prepared for a pandemic crisis - especially one which has proved unique in disrupting international companies whose business operations rely on frequent international travel.

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Most international companies have been engaged in a full-scale response and crisis decision-making for several weeks now. For those who have not, there is a growing body of knowledge and lessons learned about what works and what doesn't.

Companies need to focus on three key areas as they respond to the coronavirus pandemic.

First and foremost is the duty of care to employees. Companies need to develop and implement new routines covering personnel movement and office use to minimize the risk of infection spreading among employees.

New arrangements should be flexible for people with dependents, such as elderly relatives and children, given elevated risks for the former and childcare challenges for the latter.

These measures also need to be compliant with relevant government regulations, which are often contradictory and unclear. For international companies with offices in several countries, the challenge multiplies because different governments differ in their response to the pandemic.

The second area is a company's duty to its shareholders. This requires business continuity policies which are worthy of the name. New routines should not result in opportunities lost, a collapse in productivity or the torpedoing of existing business arrangements. If your office is shut down and dozens of your employees are sent to work from home, you need to be sure that incoming calls do not get lost, that your servers continue operating safely and that VPN-restricted access to work documents on internal websites is still available for employees

working from home.

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Those with international workforces must closely monitor the rapidly growing list of border closures to ensure colleagues do not end up stranded following flight cancellations or entry bans.

For Russia, there is a specific challenge for international companies working on government contracts, with state corporations or well-connected private corporations. They must ensure the measures they take do not cause disruption to their partners' operations. Here, not only the viability of new personnel arrangements should be kept in focus, but also the workability of business infrastructure. To drop the ball by harming politically-connected Russian partners could lead to considerable risks to doing business in the country in the future.

On this front, there is also another threat. We have seen cybercriminals exploiting uncertainty over the pandemic by creating and uploading thousands of coronavirus-related websites every day. Most malicious sites are used to host phishing attacks, distribute malicious files or conduct financial fraud by tricking users into paying for fake coronavirus cures, supplements or vaccines.

The third area is perhaps the most difficult one to guard against: kneejerk government responses to the pandemic. Governments are under immense pressure and even for those whose decision-making we usually regard as predictable, they can suddenly change the way they behave. It is essential to stay abreast of — and comply with — all new government regulations. If things go south officials will likely seek somebody to blame, and they will not be looking among themselves, but rather from outside their circle, for potential culprits. In the face of such predation, a lack of defensible compliance documents and protocols can make companies easy targets.

There is also a strategic component here, with longer-term implications beyond the current crisis. After the dust settles — and even before that — governments, particularly authoritarian ones, will assign businesses various roles that they will be expected to play in crisis prevention and management in the future. Businesses have the opportunity to be seen by policymakers as responsible and trusted partners for the government in helping to prevent and battle this and future pandemics. Or they can just silently pay for the fuzzy and slow official response. In which case, businesses might even end up as convenient scapegoats if the government response appears inadequate to the badly deteriorating situation and fingers start being pointed.

In Russia, most likely, these three routes will coexist, with officials assigning one of these three roles — partner, funder and scapegoat — on certain companies at certain times. This will probably apply to many other governments as well. Companies need to take this into account, or they risk being caught off-guard by some ham-fisted official action as they struggle to pull through, or miss an opportunity to present themselves in a positive light with policymakers. Russian President Vladimir Putin has recently publicly labelled all businessmen "cheaters". It is best not to feed this mindset in troubled times.

It is difficult to tell now where certain companies or even sectors will end up as the pandemic unfolds and officials refine their multi-layered understanding of the crisis and how to respond. Robust scenario planning today can help deal with these new uncertainties and not only prepare companies for the worst-case alternative futures but also unlock ways to see opportunities that are not conceivable today.

The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.

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