



The reputational impact of corporate inaction on the Ukraine-Russia war

About this report

Caliber monitors perceptions of thousands of companies around the world daily through automated online interviews with real people across various stakeholder groups.

The findings in this report are based on the daily tracking of public perceptions of 15 global industries across Brazil, China, France, Germany, Japan, UK and USA with a total of 1,600 interviews per week.

This report is also based on perception data collected specifically on the role of companies related to the Ukraine-Russia war. These data were gathered in the period of 15-25 March 2022 through online interviews conducted in Brazil, China, France, Germany, Japan, UK and USA with 3,177 people.

To better understand whether a certain score is positive or negative, we use a normative scale that shows how the particular result compares with Caliber's database consisting of similar studies:

| | |
|--------|-----------|
| 80-100 | Very high |
| 70-79 | High |
| 60-69 | Average |
| 40-59 | Low |
| 0-39 | Very low |

About Caliber

Caliber aims to make business more trusted and trustworthy.

Through Real-Time Tracker, our continuous people listening platform, we radically change the brand & reputation monitoring field with a unique combination of real-time stakeholder tracking and corporate brand & reputation expertise. We help data-driven communicators and marketers capture stakeholder sentiment through daily online surveys and convert it into actionable insights that improve stakeholder preference and advocacy.

For more information

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Companies are being reputationally
punished for inaction –
and public expectations are high, but
not everywhere

While the brave people of Ukraine are fighting to defend their country against its Russian aggressors, the rest of the world is trying to find ways to respond and help stop the war.

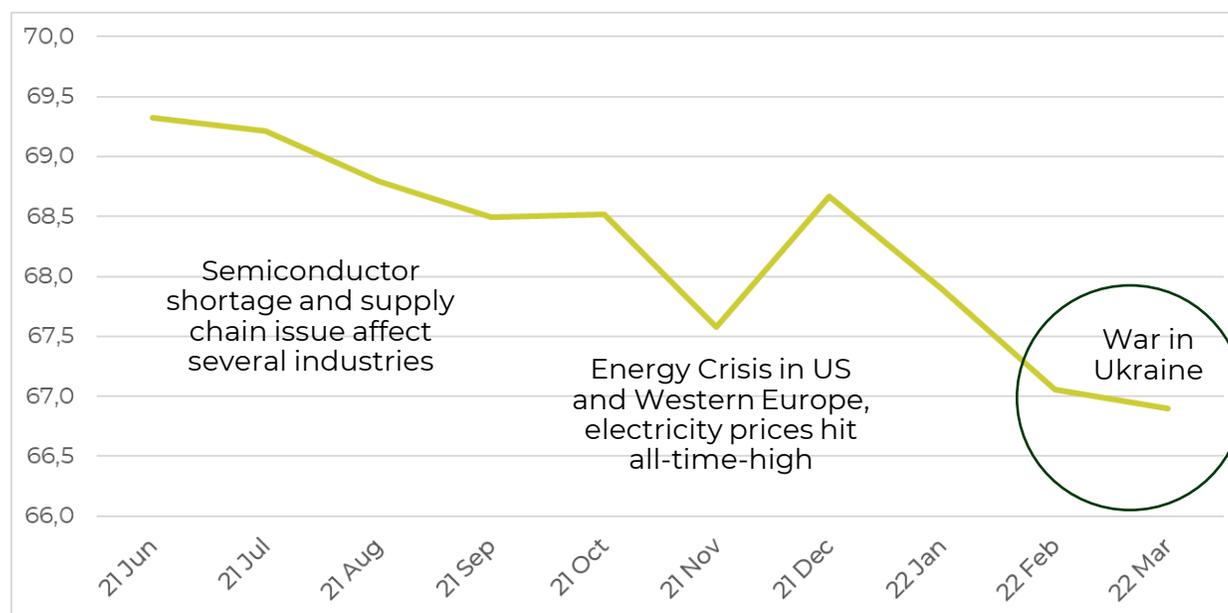
Many countries have implemented sanctions against Russia to limit the country's war chest, and international companies are also looking for ways to respond.

Caliber has been tracking the situation closely in the past few weeks to understand how people around the world expect companies to react to the Ukraine-Russia war, and how public perceptions are changing towards companies that act – and towards those that choose not to.

Global trust and affinity have trended downward in March

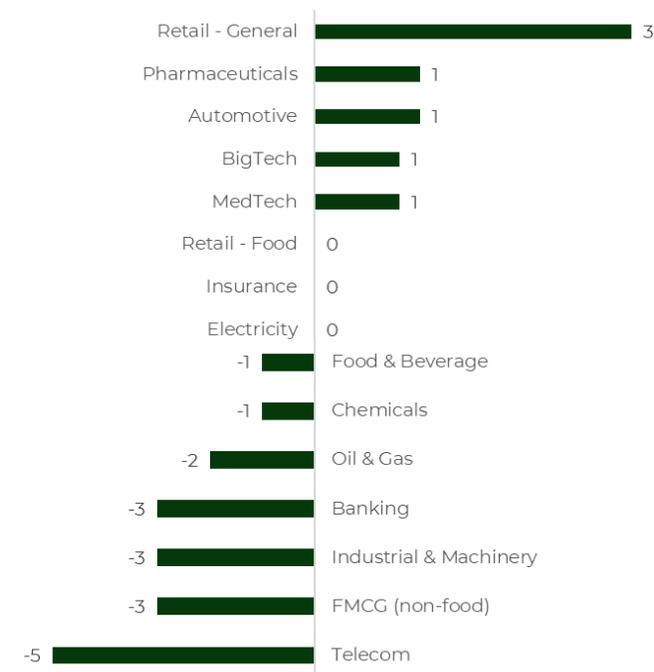
Across 7 of the 15 industries we track, public trust in companies declined in March. The trend coincides with the war in Ukraine. On a global scale industries like Telecom, Banking and Oil & Gas are among the sectors trending downward.

Global Trust & Like Score development across all industries



Change in Trust & Like Score by Industry

February to March



n= 6,577



NYETFLIX

A corporate mass exodus



i'm leavin' it



Within days of the start of the Russian invasion,

foreign companies began announcing a cessation of operations in Russia.

Companies like **Apple** and **Google** were among the first, as they discontinued their payment services.

Large investment funds also moved quickly to divest their holdings as the Russian market looked less lucrative, and major energy companies pulled out of deals with Russian suppliers to help cut off an important source of income to the country.

Companies moved with intent and purpose. Those that have exited Russia have done so most likely due to a mixed rationale of showing support for Ukraine, complying with sanctions, demonstrating their corporate values – and protecting their assets.

Some have not exited yet, as they are struggling to weigh the pros and cons of taking this drastic action.

A corporate exit from Russia is no easy decision.

Companies doing so will suffer financial losses in the short term, following already difficult years due to the pandemic.

Some companies may even see substantial impact on an already stressed supply chain, and not least a human impact of dismissing employees working for them in Russia.

Companies like **Carlsberg** and **McDonald's** have struggled with the moral and operational dilemmas of shutting down and have taken longer than others in their decision-making about leaving Russia.

However, many companies have left – more than 600 global organizations and companies across all sectors have either fully or partially exited Russia¹.

In this context it is interesting to understand what stakeholders expect: are they quick to judge companies for leaving or staying?

Do they distinguish between a full exit and a partial suspension of operations? Have those companies that exited late suffered a reputational impact?

¹ Source: <https://som.yale.edu/story/2022/over-600-companies-have-withdrawn-russia-some-remain>



What people want

Our data from recent weeks shows that corporate action related to the Ukraine-Russia war is not going unnoticed by the public.

In fact, 83% of the 3,177 people we surveyed in March around the world say that they pay attention to how companies choose to act in response to the conflict.

How companies act is clearly top of mind for a lot of people, and there is an expectation for them to do so with 78% of people expecting companies to actively respond to the war.

However, while the vast majority finds it necessary for companies to act, expectations of how they should act differ a lot across markets.



78% of people expect companies to act as a response to the Ukraine-Russia war.



36% on a global average expect companies to cease operations in Russia



43%



50%



10%



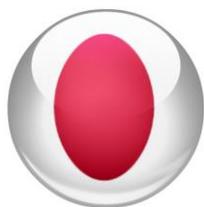
33%



35%



42%



34%

Percentage above is country proportion of people saying "I expect companies to cease all business operations in Russia (or with Russian organizations)"

The types of actions expected from companies range from indirect involvement related to humanitarian aid to direct political activism to support larger geopolitical movements.

Globally, most people agree that companies should offer support for humanitarian efforts.

50% say that companies should act through providing humanitarian aid e.g., financial aid, housing or medical aid to Ukrainian refugees or aid donations to humanitarian organizations working in the Ukraine.

Beyond what can be determined as indirect humanitarian support, 36% of people on a global average expect companies to take a more proactive role by ceasing their business operations in Russia.

It is especially people in European countries and in the US expecting companies to embark on such political activism, while countries further away from the conflict like Brazil and Japan expect it less so.

In China, however, only 10% of people expect companies to pull their operations out of Russia.

The explanation for the difference in expectations

may be found in geographical proximity to the conflict, but it may also relate to the geopolitical position that each of these countries holds, their involvement in NATO and their government's official position on the conflict.

Cultural considerations may also have to do with this, with Europeans and Americans increasingly expecting companies to take a stance on political issues in recent years.

While 36% globally expect companies to cease operations in Russia, it is 63% of all people that support companies ceasing their business operations in Russia if they choose to do so. Again, people are more supportive of this decision in the EU and the US.

The difference between people expecting and supporting companies exiting Russia can be explained by perceptions of the consequences that come with companies closing shop.

While 36% globally support corporate sanctions unconditionally, another 27% support them, but show concern for the related impact on ordinary Russian people.

Some people are also thinking about the moral dilemma of the human consequences of these actions.

While NATO countries in general favor a harder line in terms of corporate sanctions, 23% of people in China say they will not support companies pulling out of Russia because their actions will hurt the ordinary Russian people.

Again, the public position on the role of companies is likely influenced by the overall involvement of the country in the conflict and in geopolitical alliances, but our data tells us that there is also a public position on corporate political activism at play.



**35% believe
companies should
focus on business
and refrain from
political activism**

In general, people are split on corporate activism.

Most people (48%) take a neutral position on the matter when asked the question in a general sense.

This could be interpreted as people saying, 'it depends on the situation' or pointing at the inherent complexity of the matter.

On a global average 35% say that companies should stay politically agnostic and refrain from getting involved in any political activism, while only 11% find it important for companies to be consistently politically active.

In China, a whopping 59% say companies should refrain from involving themselves in political activism, clearly pointing at how businesses are perceived to have political influence in China.

However, in the context of the current situation in Ukraine, only 12% of people say that companies should support political initiatives like increased spending on defense and 14% believe companies should support political initiatives that advocate a larger role for NATO.



Is corporate (in)action in
Russia impacting reputation?

The situation for international companies with operations in Russia is highly complex.

Ceasing operations in Russia is not a knee-jerk reaction for all companies although expectations in certain markets will have a consequence for those that choose to pull out and those that do not.

Recent data collected in March through the Caliber Real-Time Tracker shows us some dramatic movements in trust levels for certain companies. These movements can be associated with actions taken by companies related to the Ukraine-Russia war.

From a global sector perspective, we see significant drops in reputation levels during March in 7 out of 15 tracked industry indexes.

Most negatively impacted are sectors like Banking, Telecom and Oil & Gas – industries with several companies heavily invested in Russia, and among them companies that have not exited Russia yet.

For these companies, it is especially in their home markets that we see the largest negative fluctuations in public perceptions.

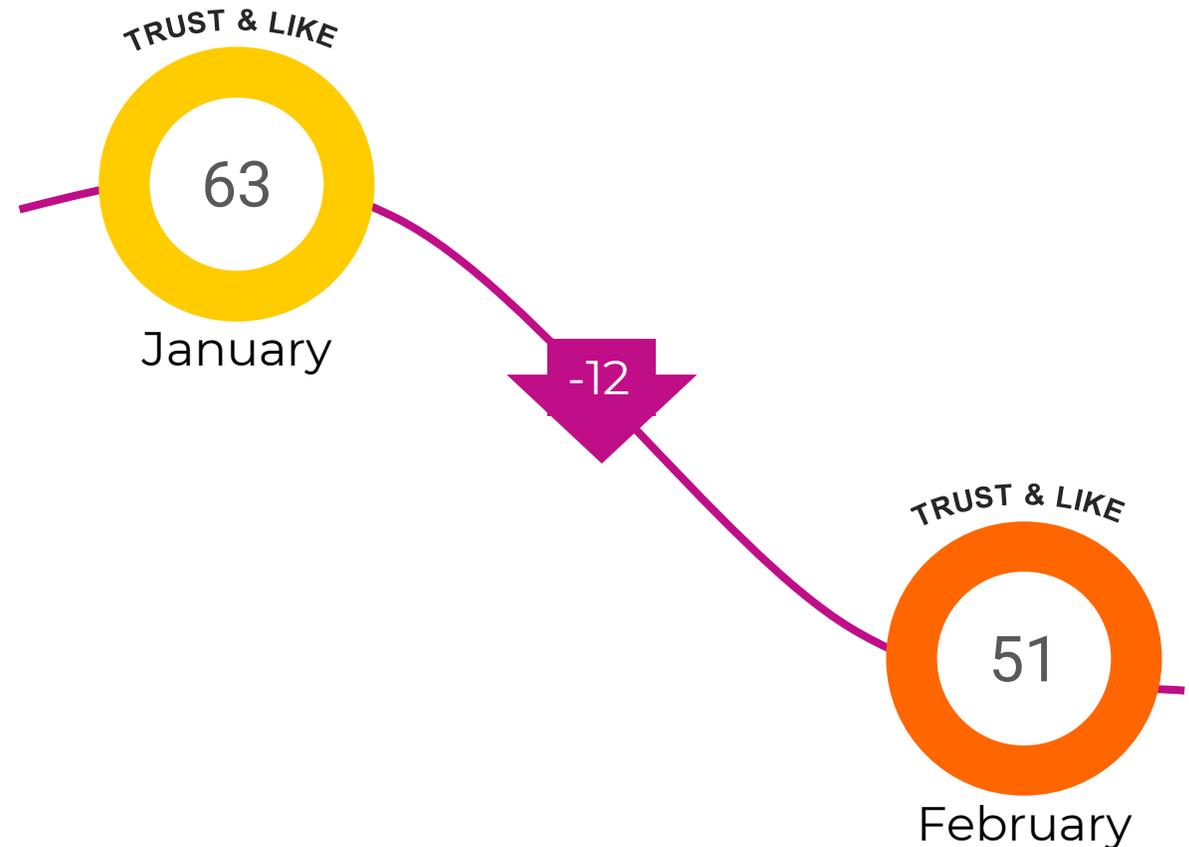
Most negatively
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**Banking, Telecom and
Oil & Gas**



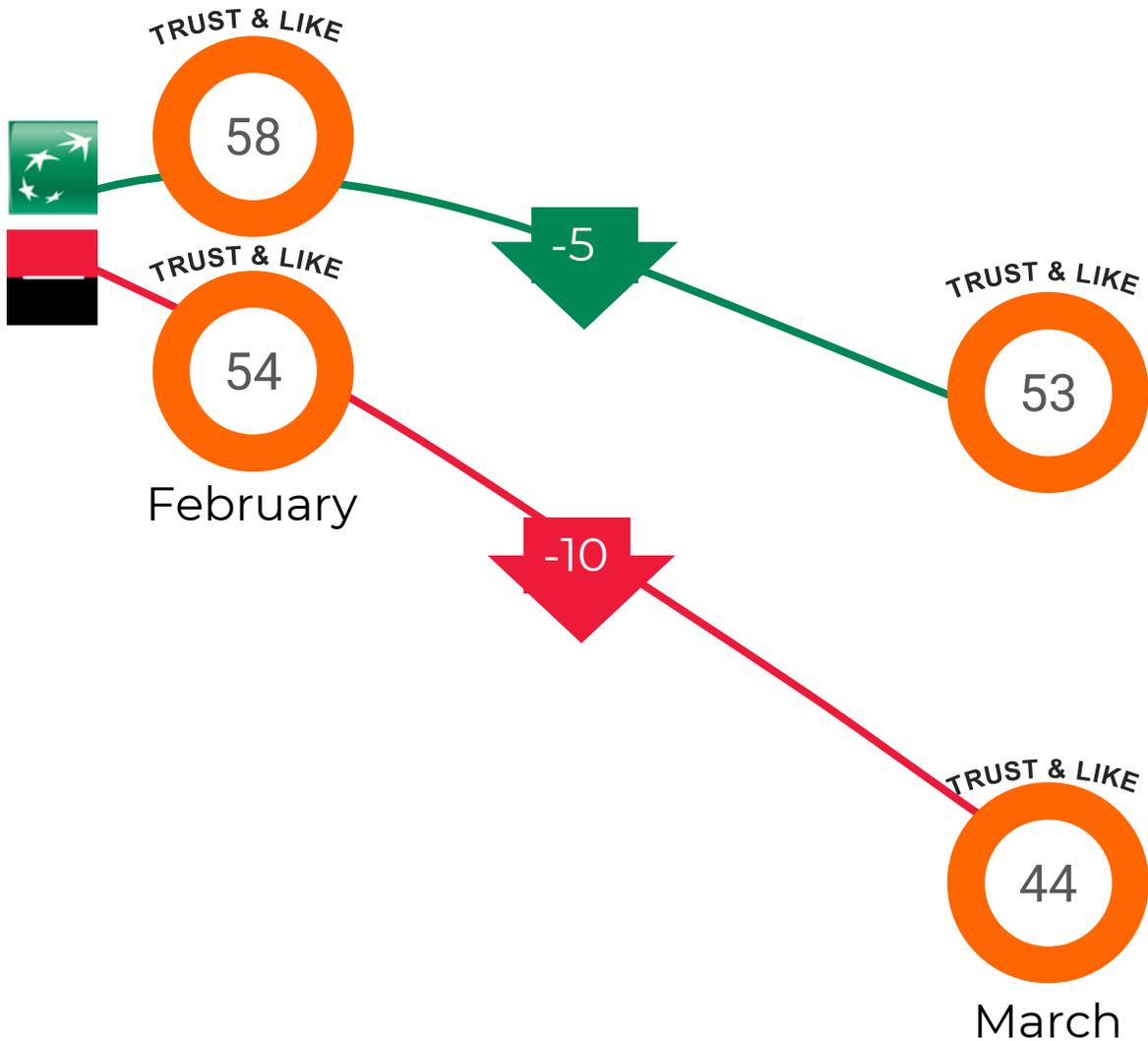


In Germany, Deutsche Telecom (DT) sees a considerable 12-point drop in trust from stakeholders already in late February, potentially related to an announcement of intentions to scale back their St. Petersburg hub as a response to the war in Ukraine.

Plans did not include an exit from Russia, and comments from senior officials in DT might have given the public a sense that the company was placing business interests before solidarity with countries in the NATO alliance.



The sample size for the period is based on n= 68 respondents in Germany. The scores are directional in nature due to the relatively low sample size.



The sample size for the period is based on n= 64 respondents for BNP Paribas and n= 66 respondents for Société Générale in France. The scores are directional in nature due to the relatively low sample size.

In France, banks BNP Paribas and Société Générale have suffered substantial negative impact to their Trust & Like Score (TLS) in their home market.

The scale of the reputational impact is however quite different: BNP Paribas, which has not yet exited, but instead announced a scaling back of operations, has suffered a 5-point drop in TLS in March.

Société Générale, a bank heavily invested in Russia, is digging in and resisting demands for exiting. In the last four weeks, the bank has dropped a massive 10 points in TLS.

A different example is the impact on the Oil & Gas industry.

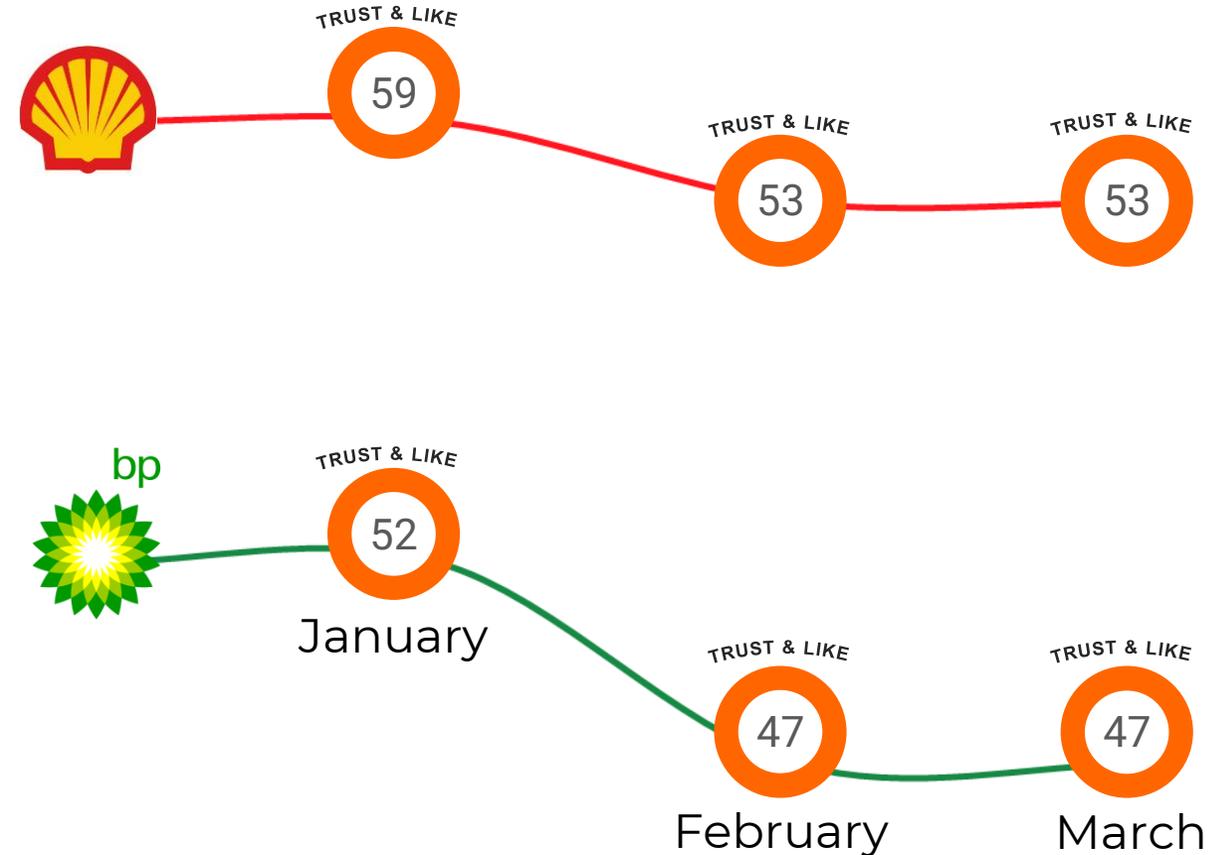
The industry overall has been suffering in terms of reputation for the past six-months due to the ongoing energy crisis, which started already in late Q2 of 2021.

The current situation means additional challenges for energy companies, as many – especially European – companies are heavily dependent on Russian oil and natural gas.

Despite this dependency, companies like BP and Shell led the way for others in discontinuing their operations in Russia, leaving large contracts behind, which will potentially result in large financial losses.

While not earning additional stakeholder trust, their actions do see them trending against other companies in the industry with less involvement with Russia.

This hints at the public looking favorably upon BP and Shell for taking action to support a financial pressure on Russia to end the war instead of serving their own best interest.



The sample size for the period is based on n= 104 respondents for BP in UK and n= 309 respondents for Shell in Germany, France and UK. The scores are directional in nature due to the relatively low sample size.



Does corporate action matter?

In the examples with Deutsche Telecom, BNP Paribas and Société Generale, not exiting Russia is based more on business interest and therefore appears to deliver severe reputational impact.

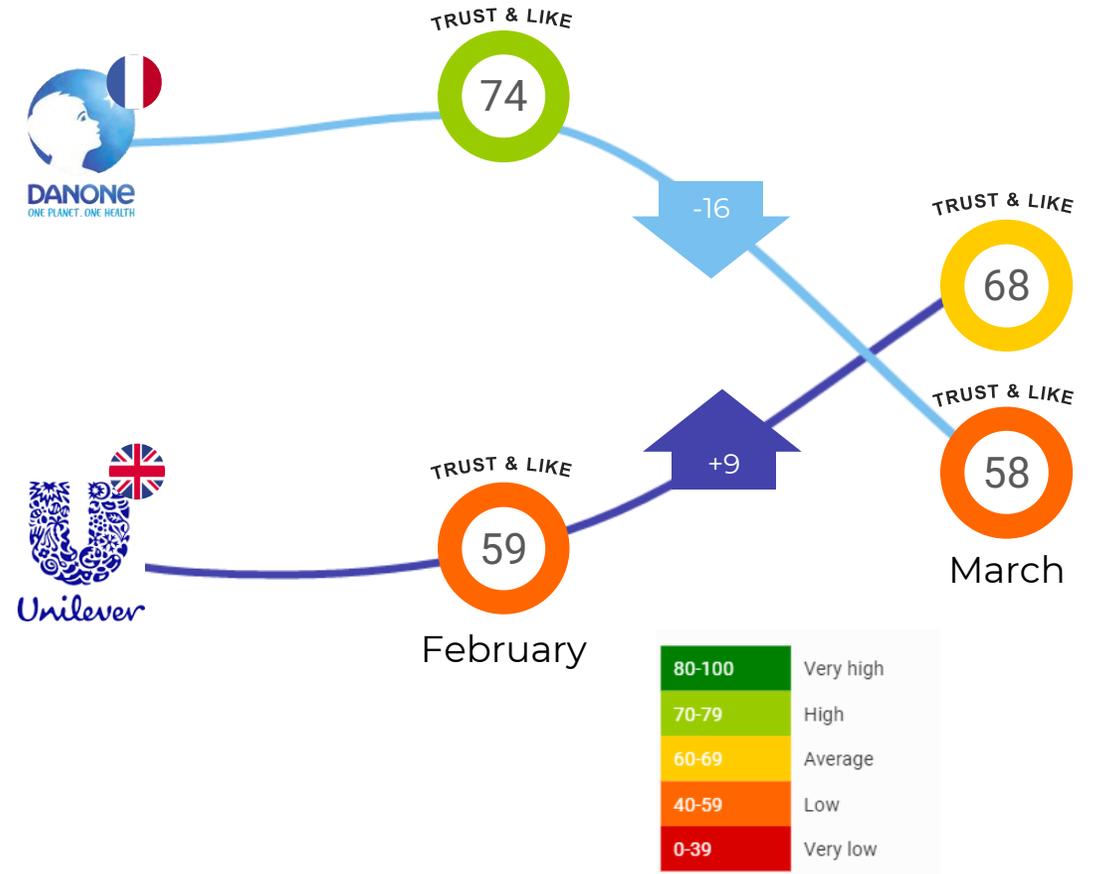
However, for a company like Unilever, the decision to stay in Russia to provide Russians with everyday essential food and hygiene products has been well-received.

In fact, their reputation is showing a strong increase in the UK in March.

This could be due to the communication from the company, which quickly posted after the war began – clear in its condemnation of the war and precise in its explanation on why it had to remain.

In contrast, Danone only communicated its position on 23 March, and while the position doesn't differ from that of Unilever, it came more than two weeks later.

As a result, Danone's reputation in France looks to suffer a substantial 16-point drop in March.



The sample size for the period is based on n= 68 respondents for Unilever in UK and n= 65 respondents for Danone in France. The scores are directional in nature due to the relatively low sample size.

Companies that hold their reputation dear must take note

Corporate action in times of war seems to matter quite a bit these days and can impact reputation a great deal.

As we see it in the Ukraine-Russia war, it is mostly inaction that appears to punish companies in terms of public perception. However, expectations for corporate action can differ depending on national political interests, proximity or culture.

In conclusion, there are several factors at play when assessing why some companies are impacted on their reputation because of their actions in the current conflict, and some aren't.

Beyond the aforementioned factors impacting expectations for action among the public, companies' reputations will also be influenced by the speed of action, the clarity of their communication and the circumstances of their choices.

One thing can be said without a doubt: we have never witnessed such quick public scrutiny and corporate actions as a response to a political or humanitarian event, not even during the Covid-19 pandemic.

People's expectations these days are higher – and they are quicker to judge companies for action and inaction. Companies that hold their reputation dear must take note, as this is surely not a passing phase.

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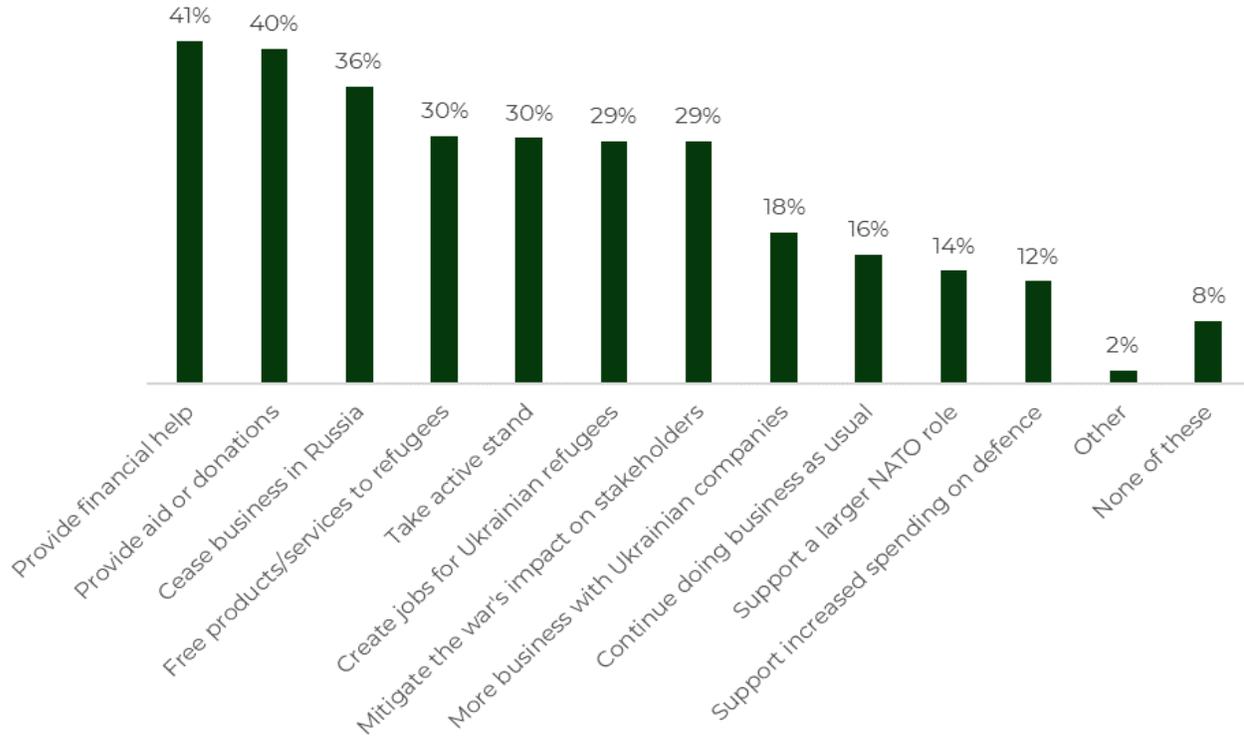
For more information

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Appendix

“Please select the actions below that you feel are most important for companies to take in response to the Russia-Ukraine war”



n = 3,177



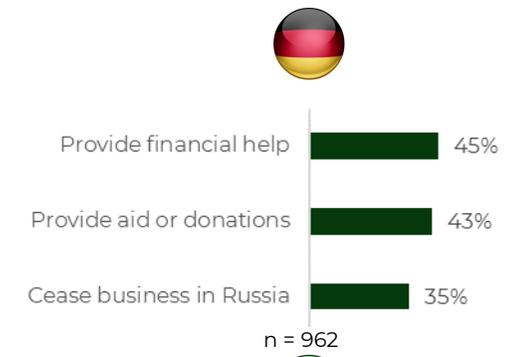
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n = 692



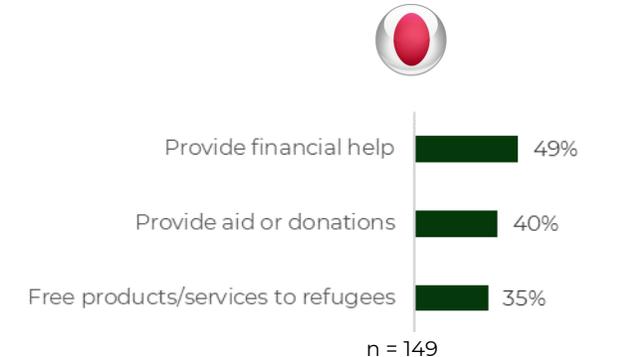
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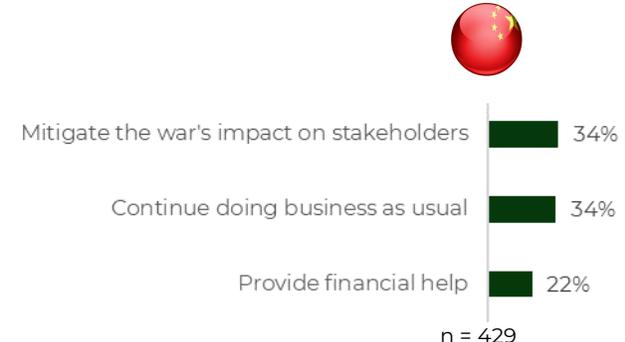
n = 962



n = 289

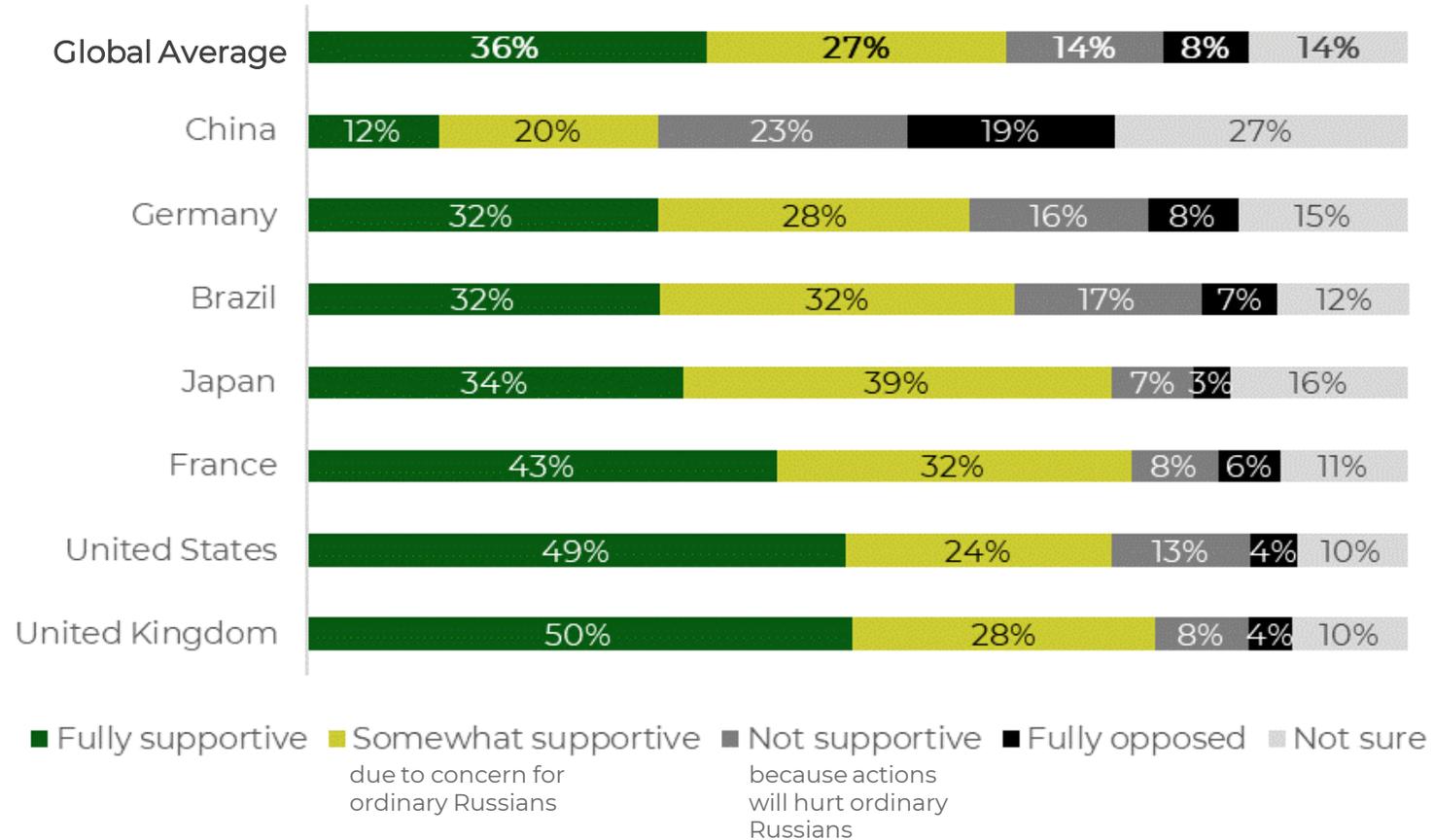


n = 149

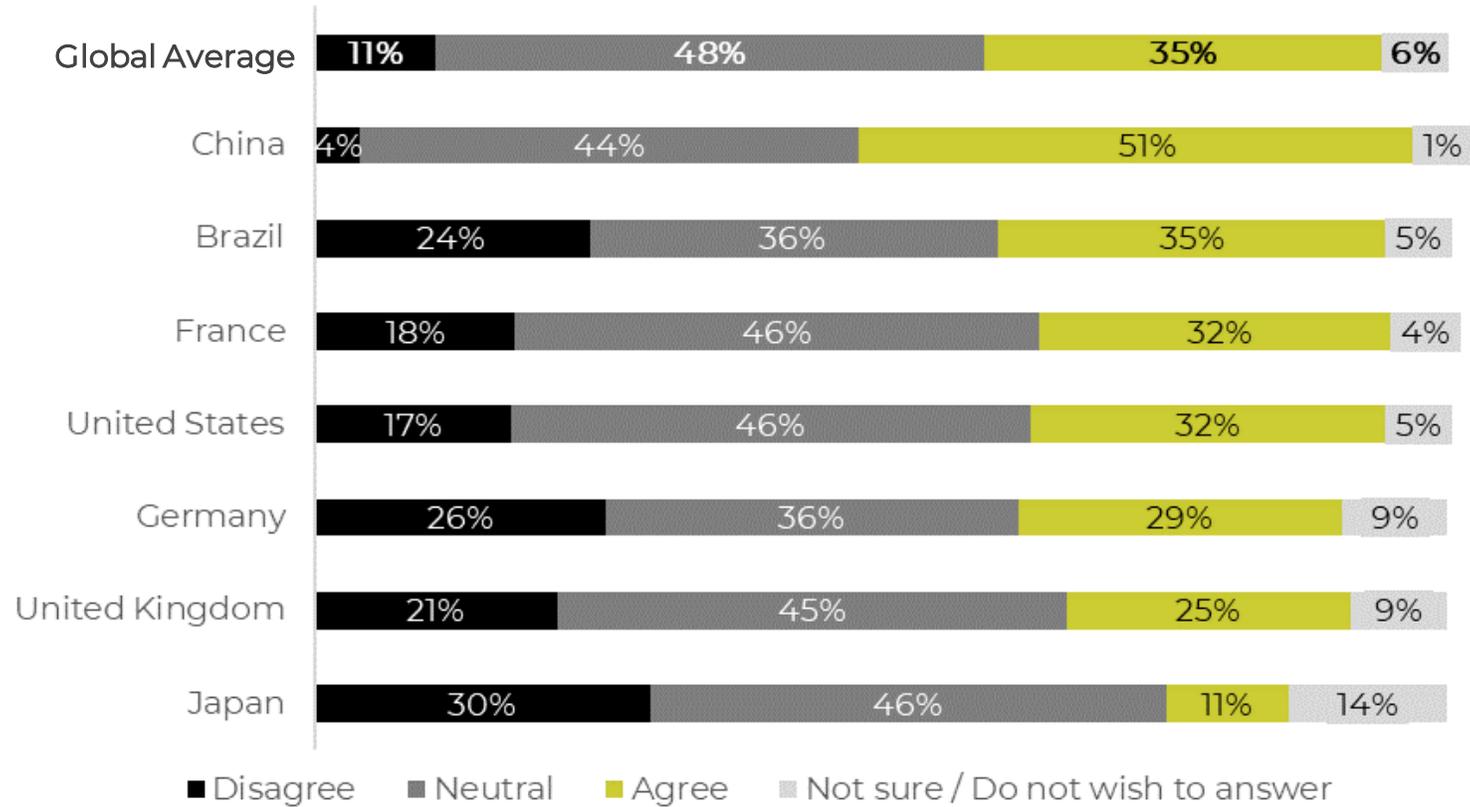


n = 429

“What best describes your attitude towards companies that cease business operations in Russia?”



“Companies should focus on their business and refrain from political activism”



“I closely follow companies' actions in response to the Russia-Ukraine war”

