Peer Conformity and Competition: How Business Managers Evaluate Firm Withdrawals from Russia

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Abstract

States have long used economic sanctions in response to violations of international law as a strategy to restore order. Increasingly, firms also reject doing business with violators. In response to the war in Ukraine, hundreds of multinational corporations (MNCs) voluntarily withdrew from Russia, even when policymakers were still debating the extent of sanctions. Why did private firms halt their business? We argue that peer effects among firms shape reactions to international crises. We test our argument using an original survey experiment with Japanese firm managers conducted within three months after the Russian invasion of Ukraine in 2022. We find evidence of peer conformity as news about withdrawal by other firms—in particular firms from a diverse set of countries—increases support for firm withdrawal. The survey results also reveal the countervailing influence of peer competition, as news about some firms continuing business with the sanction target lowers support for firm withdrawal. Market exposure moderates these reactions to information about the actions of other firms, although the concern about peer behavior does not appear to be driven by a reputation mechanism. Our research provides insight into the preferences of business actors toward international conflicts.

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1 Introduction

How do firms navigate international politics? As government leaders debate how to punish the violation of international law, business leaders must also decide whether their firm should continue with business as usual. Firm managers who normally maximize profits by an efficient choice of sourcing and marketing are thrown into a position to assess the suitability of businesses in a state that is engaging in acts of brutality. Increasingly, firms are expected to take action toward human rights protection, sustainable development, and other societal objectives (Ruggie, 2007; Lim and Tsutsui, 2012). Their decisions can either complement or undermine the ability of governments to achieve these goals (Vogel, 2008; Malhotra, Monin and Tomz, 2019; Johns, Pelc and Wellhausen, 2019).

In order to better understand preferences in the business community toward international political events, this paper examines business response to the Russian invasion of Ukraine. The first act of aggression in 2014 demonstrated Russia's willingness to forcefully seize territory and triggered a range of government sanctions. The escalation in 2022 to launch a full-scale attack on Ukraine and the wholesale bombing of cities shocked the world. Yet government responses were quite divergent. Unity among the governments of the Group of Seven nations to condemn the Russian invasion and call for sanctions stood alongside silence by many governments and support for Russia by China and several other governments. Such divisions meant there would not be any UN-authorized sanctions against Russia, which holds a veto in the Security Council. Even government sanctions by G7 countries revealed some gaps given the ongoing energy trade with Russia. This context presents an important case to examine how business responds in the face of disagreement between the major powers and uncertainty over a developing international conflict.

Following the invasion, a large number of leading multinational firms cut off trade and investment ties with Russia. The KSE Institute lists over 1400 companies that with-

drew or curtailed Russian operations, from Mastercard to Nokia.[1] But for all the firms that withdrew, many others stayed (Evenett and Pisani, 2023). The debate on the decision was sometimes public, such as when Uniqlo chairman Tadashi Yanai first defended their ongoing business by declaring that "Clothing is a necessity of life . . . The people of Russia have the same right to live as we do," before reversing course to announce withdrawal from Russia after a social media backlash called for a consumer boycott.[2] More often, these were boardroom decisions made behind closed doors without any public explanation for why a firm would stay or go.

We argue that the strategic interaction among firms significantly influences firm managers' opinions amidst international conflicts. As members of society and market participants, looking at how other firms respond offers important cues. We develop an argument about peer effects that arise from the actions of other firms. This strategic context has both a social and economic dimension because business leaders are being called upon to assess norms and costs. This is especially salient in times of high uncertainty, where the beliefs of firm managers can shape critical decisions (Dolan et al., 2021). Managers often do not have as much information about the business risk associated with international conflict as they would about market conditions that fall within their normal business operations (Kenyon and Naoi, 2010). This leaves room for a wide range of factors to enter into the decision of a firm manager's evaluation of the suitable response (Kuno and Naoi, 2018). Therefore, the reactions of other firms in the market serve as significant cues in shaping managerial perspectives.

We examine the question of firm withdrawal with an online survey of 2,100 business managers in Japan conducted during May 2022 shortly after Russia's attack on central Ukraine. Japan offers an important case for several reasons. Its business is deeply engaged in global supply chains, relying on trade and investment ties with a range of part-

[1] See list from project website available at `https://kse.ua/selfsanctions-kse-institute/`.

[2] Akane Okutsu, "Uniqlo suspends Russia business, reversing earlier decision," Nikkei Asia, 10 March 2022.

ner countries (Plouffe, 2017). As a member of the G7, the government lined up quickly to condemn the Russian actions. But the distance from the conflict zone and a general reluctance to connect aid and trade to political relations allowed room for doubt about how broadly the government would use economic tools to punish Russia. Trade with Russia constitutes a small fraction of Japanese world trade, with energy products the leading import and autos the leading export.[3] The business community in Japan confronted a difficult choice over whether to sever business relations with Russia. Among the 169 Japanese subsidiaries in Russia tracked by the KSE Institute, 34% of them have either completely exited or halted business as of April 2023, which is less than the percentage of firms in the US and UK but a higher share than German or South Korean firms.[4] An analyst who was working for a corporate strategy consulting firm in Tokyo during the spring of 2022 reported that in the wake of the Russian invasion, he was flooded with queries by Japanese firms asking about what other firms were doing and how they should respond.[5] Such stories are suggestive that there may be peer effects among firms, and motivate our investigation into multiple factors that could influence managers' opinions.

Our pre-registered online survey[6] targets firm managers, whose views are important in understanding these business responses to the Russian invasion. Although we do not capture direct firm behavior, the opinions of managers represent the most relevant sample for our research question. We present the managers with news about firms that withdrew from or remained in Russia. The vignettes prime the attention of respondents to different trends. First, we find evidence of conformity pressure as learning about the withdrawal by other firms increases a manager's support for firm withdrawal. Telling them that firms from a diverse range of country origins are withdrawing from Russia triggers larger sup-

[3] In 2022, imports and exports from Russia formed 1.4% of Japan's trade in the world, compared to 14.3% with the United States and 22.9% with China. Trade with Ukraine was a mere 0.9% of Japan's trade with the world. Figures calculated from "Direction of Trade Statistics," International Monetary Fund (2022).

[4] KSE Institute, *The Leave Russia Database.* Available at `https://leave-russia.org/bi-analytics` (last accessed April 21st, 2023)

[5] Interview by author, March 27, 2023.

[6] The pre-registration is available at `osf.io/mv6qy`

port for withdrawal. Actions by U.S. firms alone are insufficient to move the opinion of the managers. On the other hand, news about firms continuing business with the sanction target triggers concerns for competition: when the respondents are told that Chinese firms remain in the Russian market, they become less likely to support withdrawal. In fact, the news about Chinese firms' business continuation offset the positive effect from hearing about other companies withdrawing.

We also probe the role of reputation concerns and market pressure. Contrary to our expectation, we do not find that attributing reputation concerns as the main motive of other firms terminating business with Russia increases respondent's support for withdrawal—in fact, the reputation concerns prompt *reduces* support for withdrawal. Instead of reputation, a larger number of firm managers raised effectiveness in deterring Russia, concerns for secondary sanctions, and business risks in the Russian market as major factors they considered when assessing whether Japanese firms should withdraw. The analysis of the market pressure mechanism aligns more closely with our expectations. The reaction to information about other firms is contingent on where the respondent's firm conducts trade and investment. Those with trade or investment ties in the US/China markets respectively are more likely to follow the behavior of US/Chinese firms.

Our research contributes to understanding the relationship between politics and economic interdependence by bringing in the perspective of firm manager preferences and the strategic interaction among firms. Most of the literature on economics and security focuses on the incentives of governments or analyzes observed dyadic economic flows between states. Some demonstrate that security interests lead states to favor trading among allies over adversaries (e.g. Pollins, 1989; Gowa and Mansfield, 1993), while others highlight conditions when economic interests may bridge rivalries (Gartzke, 2007; Kastner, 2007; Davis and Meunier, 2011). These cross-cutting pressures present a complicated landscape for businesses in the global economy as they choose whether to "follow the flag" (Pollins, 1989; Farrell and Newman, 2019; Peloza and Shang, 2011) or conduct "busi-

ness as usual" (Davis and Meunier, 2011; Carnegie, 2014). Firms may also adopt strategies to avoid association with controversial policies of their home government (Pandya and Venkatesan, 2016; Vekasi, 2020). In addition to government policies, we see group dynamics within the market. Theories of relational contracting suggest that social networks shape how firms view political risks in different locations (Pandya and Leblang, 2017). Our findings show how firm managers heed the actions of other firms when they face difficult decisions at the onset of a crisis.

Our study also provides insights into the economic coercion literature by looking at firms as the leading actors. An extensive literature debates the effectiveness of government sanctions (e.g., Martin, 1992; Hufbauer et al., 2009; McLean and Whang, 2010; Drezner, 2022). These policies require firm compliance. Yet outside of following government policies, firms may also act on their own without a mandate by the government. Withdrawal—which we define here as a firm's decision to cease commercial exchange with a country—forms the counterpart to a consumer boycott.[7] This practice could widen the scope of government sanctions.

Finally, our research examines decisions toward corporate social responsibility (CSR). We build on the insight that international trade and investment form a channel to diffuse environmental or labor standards as firms engaged in global business begin "trading up" or "investing up" (Vogel, 1997; Prakash and Potoski, 2006, 2007; Greenhill, Mosley and Prakash, 2009; Malesky and Mosley, 2018; Distelhorst and Locke, 2018). By highlighting peer conformity and competition effects, we emphasize that business leaders follow the lead of others when forming their views about political and social issues.

[7] For studies on consumer boycotts, see Pandya and Venkatesan (2016); Li and Liu (2019).

2 Conformity and Competition Among Peers

When firms shun or favor certain countries or business partners based on their political conditions or behavior, their actions politicize business. We focus on the strategic interaction among firms in their evaluation of political events. Business decisions occur within a competitive marketplace that can reward innovation as well as imitation. Gathering information about the products, pricing, and marketing strategies of other firms is a routine part of business management. This dynamic also shapes firm reactions to non-economic events. As managers consider political outcomes that lie outside the supply and demand constraints of commerce, they closely follow the decisions of other firms confronting the same decision about whether to continue with business as usual or shift course. Peer conformity describes when information about the actions of other firms induces similar behavior. Alongside peer conformity, the strategic interaction also presents competition incentives. Firms that have made sourcing and investment decisions based on commercial considerations will encounter adjustment costs.There is an opportunity for the nonconformist to seek competitive advantages by avoiding these adjustment costs or even expanding market share. We consider both market incentives and reputation costs as potential mechanisms to explain why managers may be more or less likely to support withdrawal from a market in response to international crises.

2.1 Peer Pressure to Conform by Withdrawal

Firms today face demands for social responsibility on issues from labor relations, sourcing, to sales. The scope of corporate activity and limits of international consensus have favored a bottom-up approach that relies on reporting and learning to encourage better behavior by transnational corporations (Ruggie, 2014; Bartley, 2007; Thrall, 2021). In navigating complex political situations, firms often look to their peers and conform to prevailing trends when determining appropriate action. The decisions made by other businesses

can provide valuable information on what constitutes norm-conforming behavior. Managers may be motivated by a genuine concern for doing what is morally right, or they may want to maintain their reputation as socially responsible actors. While early movers gain branding opportunities by attracting headlines, they also take a risk. Firms that are perceived to be on the wrong side of an issue may suffer negative consequences such as decreased customer loyalty, loss of market share, and difficulty attracting skilled employees. To be on the safe side, business managers in an uncertain political environment may rely on cues from other firms about the right response.

Learning about peer withdrawal can also have salient effects on firm managers' assessments because it may provide them with an information update on business risks in the Russian market. The literature on FDI documents how political risk influences investment because firms evaluate the probability of expropriation or local conflict causing a direct negative impact on business (Jensen, 2008; Pandya, 2016; Carter, Wellhausen and Huth, 2019). In addition to the risk of expropriation by the Russian government, firms may consider another set of risks—the possibility of secondary sanctions from the U.S. and other governments. Active U.S. government enforcement of its own sanction regime can make failure to follow American firms risky, and over-compliance can occur out of fear that regulations will change.[8] Integration in global value chains through overseas production also transforms consumers, workers, and investors abroad into stakeholders that can impact firm decisions (Johns and Wellhausen, 2016; Malesky and Mosley, 2018; Cory, Lerner and Osgood, 2021). These incentives lead to our first hypothesis.

H1. Peer conformity: *Respondents are more likely to support Japanese firms withdrawing from Russia when they learn that other firms have withdrawn.*

Whom do businesses follow? When evaluating international politics, business man-

[8] See Findley, Nielson and Sharman (2022) for financial firms' compliance with sanctions during the Russian invasion.

agers may look to the United States as the hegemon and let U.S. firm actions serve as the bellwether of change. The US government is often the primary sender of sanctions that rallies other governments to cooperate with various inducements to broaden participants in the sanction regime (Drezner, 2000). The long history of the United States asserting moral claims in its foreign policy and using economic statecraft in support of those goals confronts American firms with frequent demands to steer business to follow the flag. Because the US and its firms are so often engaged in economic statecraft, however, US action alone may not signify a trend for international society. Withdrawal by a wider range of firm nationalities sharpens the signal of a norm shift and risk perception. Wellhausen (2015) has shown how information channels link firm behavior so that even expropriation actions that break norms reveal patterns that differentiate among firms by their nationality. Therefore, we evaluate peer pressure from U.S. firms relative to a wider range of firms, including co-nationals and countries with similar regime types, foreign policy positions, and geopolitical interests.

H1a. *Respondents are more likely to support Japanese firms withdrawing from Russia when they learn that U.S. firms have withdrawn.*

H1b. *Respondents support will be higher when told that firms from multiple nationalities withdraw, relative to only being told about U.S. firm withdrawals.*

2.2 Peer Pressure to Remain in Market for Competition

In addition to peer conformity, we evaluate another side of strategic response among firms—peer competition. While firm managers may observe some firms withdrawing, they can also see others remaining in the market and making profits. The cost of withdrawing increases if their competitors keep operating in the market. The pursuit of commercial advantage allows competitors to seize markets from those restrained by non-commercial considerations. By raising the spectre of economic losses, strategic interaction

could reduce support for withdrawal.

Information that other firms remain in the market could both weaken the normative signal and bring attention to economic competition. In particular, by focusing on *Chinese* firms that continue business with Russia, we endeavor to elicit attention to the competition incentives. First, as a country with an authoritarian regime, security rivalry, and accusations of human rights abuse, respondents are unlikely to see Chinese firms as international norm-setters.[9] Second, Japanese businesses frequently find themselves in competition with Chinese firms, both in terms of import competition in the Japanese market and for business opportunities abroad (Yamashita and Yamauchi, 2020; Vekasi, 2020). In contrast, referring to American or European firms that continued business with Russia would both weaken peer conformity and heighten peer competition. Since our goal is to differentiate between these two logics, we prime respondents with the counterpart most likely to induce feelings of competition.

H2. Peer competition: *Respondents are less likely to support Japanese firms withdrawing from Russia upon learning that Chinese firms continue to operate in Russia.*

2.3 Why Stay? Why Leave? The Rationale for Withdrawal

We also probe the mechanisms through which such information about other firms' behavior affects support for withdrawal. First, to examine the economic motives, we consider how the market exposure of the respondent's company moderates the managers' reaction to the information. Under this mechanism, we expect the effect of conformity and competition incentives to weigh strongest for firms that trade or invest in the respective markets.

[9] According to the public opinion survey conducted in 2021, 79% of the Japanese respondents did not feel close to China, while 86% of them had an affinity toward the U.S. and 71% toward European countries (Cabinet Office of Japan, "Public Opinion Survey on Foreign Policy" September, 2021. (`https://survey.gov-online.go.jp/r03/r03-gaiko/index.html`).

H3. Market pressure:

a. Respondents who work for firms that conduct business in the United States are more likely to support Japanese firms withdrawing from Russia upon learning about the cases of US withdrawals.

b. Respondents who work for firms that conduct business in multiple foreign markets are more likely to support Japanese firms withdrawing from Russia when told that firms from multiple nationalities withdraw.

c. Respondents who work for firms that conduct business in China are less likely to support Japanese firms withdrawing from Russia upon learning that Chinese firms continue to operate in Russia.

Next, how do reputational concerns shape opinion? A firm's reputation for corporate social responsibility also carries economic value, on top of its social worth (Renneboog, Ter Horst and Zhang, 2008; Distelhorst and Locke, 2018; Koenig and Poncet, 2019). From consumers to investors, influential economic actors may steer their money toward firms with whom they hold aligned values. Managers have long had to worry that a scandal over abusive labor practices or environmental degradation within supply chains could tarnish the brand name, and increasingly the scope of activity held up for public judgment has broadened. When values-based corporate strategies deviate from a strictly cost-based decision, joint action by multiple firms mitigates the competitive disadvantage.

We evaluate the reputation mechanism as a reason for withdrawal. By telling a subset of respondents that market analysts attribute fear of harm to reputation as the reason other firms have decided to withdraw, we prompt these respondents to consider the reputational impact as they evaluate voluntary withdrawal. A positive effect would be consistent with the hypothesis that reputational concerns underlie the peer effects. In contrast, analysts' views about market reputation should not matter if preferences reflect other considerations such as normative beliefs or secondary sanctions.

H4. Reputation: *Respondents' reaction to other firms' behaviors will be stronger when informed that the reason for withdrawal reflects concern about reputation with domestic and international consumers, investors, and client firms.*

3 Experimental Design for Testing Peer Effects

We conducted an original survey experiment on business managers in Japan in May 2022 to evaluate how peer effects shape firm preferences for participation in boycotting Russia. We targeted individuals who are branch manager level or above at a medium or large enterprise (100 or more employees) in the manufacturing, construction, mining, or utility industry. We recruited the respondents through Nikkei Research, a survey company in Japan, and collected 2,100 responses from their registered sample.[10]

Respondents were randomly assigned to one of the three treatment branches or the control branch. Figure 1 summarizes our experimental design. Our intervention varies the vignette description about which firms are participating in the firm boycott. Using factual information allows us to better simulate how firm managers behave in real-world situations.[11] Some respondents may have already known about the information given the high media attention at the time of the survey. The treatment should be viewed as priming respondents to think about the specific facts included in the vignette even if they are not entirely new information (Chong and Druckman, 2007; Naoi and Kume, 2011). We expect that the vignette will change attitudes when it prompts respondents to put higher weight on the behavior of other firms.

The survey provides the following background about the Ukraine Crisis to all respondents:

Russia's invasion of Ukraine violates international law and has led to thousands of

[10] The recruitment email was sent to 11,001 registrants randomly selected from the pool that satisfies our target conditions. Overall, the response rate for our survey is 19.1%.

[11] Survey research suggests that using hypothetical scenarios will often achieve similar results (Brutger et al., 2022). We opt for using the factual information to enhance external validity.

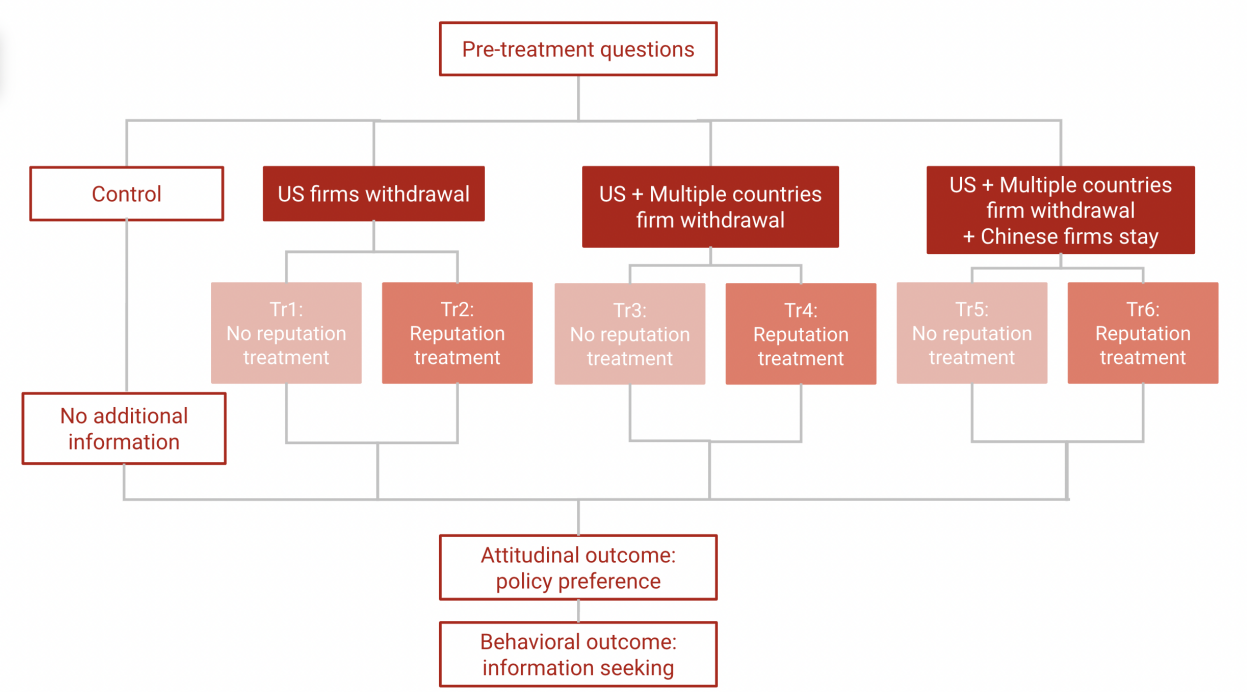

Figure 1: Experimental Design

> *civilian deaths and millions of refugees fleeing the country. The governments of Japan, the United States, and the EU are imposing sanctions such as restrictions on trade and financial transactions.*

Then we provided vignettes to respondents about how firms of different nationalities have reacted to Russia's invasion. Respondents in the first treatment branch were informed that some US firms have stopped doing business in Russia. Respondents in the second treatment branch were given an additional piece of information about a wider group of firms' reactions. The third treatment branch provides information about Chinese firm behavior. All three are shown below.

In this design, we stack vignettes so that respondents in the second treatment branch (*multiple withdrawal*) are provided with both the US firm withdrawal vignette and firms from multiple nationalities vignette, and those in the third treatment branch (*Chinese firms stay*) see all three vignettes. This allows us to identify the effect of each additional vignette compared to the previous set of vignettes.

> In addition, some US firms like General Motors, Microsoft, Nike, and Starbucks have stopped selling their products in Russia.

> Furthermore, firms from other countries like Samsung (South Korea), BP (UK), H&M Hennes & Mauritz (Sweden), Toyota (Japan), and BMW (Germany) are also withdrawing their business from Russia.

> Yet, many Chinese firms like Alibaba, China Mobile, Shanghai Fosun Pharmaceutical, and Great Wall Motor are still keeping their sales and production activities in Russia.

The final stage of the experiment assesses motivations. Half of the respondents in each of the treatment branches were given an additional vignette highlighting reputation costs associated with continuing to operate in Russia. For these groups, the following text was added to the firm withdrawal treatment vignettes:

> Some analysts say that firms in global markets were concerned that continuing their business with Russia would harm their reputations among both domestic and international consumers, investors, and client firms.

After presenting the vignettes, we measured attitudes toward withdrawing business from Russia and the rationale. We began by asking respondents to what extent they support Japanese firms withdrawing business from Russia on a six-point scale from 1 (“strongly disagree”) to 6 (“strongly agree”). For our primary analysis, we collapse the six categories into three broad categories ("disagree", "neutral", and "agree").[12] We use ordered logistic regression to estimate the effect of treatment on the categorical outcome. Following our pre-registered analysis plan, we also confirm the robustness of our find-

[12] This collapses respondents who strongly agree and agree into one category “support”, those who somewhat agree or somewhat disagree into the middle category “moderate opinions”, and those who disagree or strongly disagree to “not support”.

ings with analyses of the full six-level outcome.[13] Note that while we believe the ordinal logit model better fits our data measuring outcomes in ordinal scale, our findings remain robust and become more statistically significant when using a linear regression approach treating the six-scale response as a numeric outcome variable.

In addition to attitudinal outcomes, we measure information-seeking behavior. After asking respondents whether they would like more information about how the governments, the general public, and the business community responded to the situation in Ukraine, we provided them with links to external websites containing the information. Indicator variables record which respondents sought more information through these links.

To improve the efficiency of our causal effect estimation, we implemented block randomization by industry with industry fixed effects.[14] Within seven major industry groups (construction and mining, food and beverage, textile and wood related, chemical and metal, machinery, transportation, and others), we conducted complete randomization within each group. This allows us to compare firm managers from the same industry group and achieve balance in the allocation of respondents to treatment arms.

We include covariates to increase the precision of our estimates. To address individual-level characteristics, we control for age, education, household income, seniority in the firm, years employed in the firm, and baseline attitudes towards Russia's invasion of Ukraine. In addition, we leverage information about the respondent's firm to control for Firm-level characteristics including the number of employees, capital stock, period of establishment, industry, location of the firm, and Japanese/foreign ownership.[15] We checked covariate balance before estimating treatment effects to confirm that we have achieved a balanced sample through randomization. We present summary statistics of

[13] Appendix A.4 summarizes our pre-registered hypotheses.

[14] We do not face the incidental parameter problem because there are only seven industry categories, which is a small number of parameters compared to our sample size.

[15] See Appendix A.4 for the description of variables. For some models, we omit covariates that do not have enough variation in the sample used in the model.

pre-treatment variables in Appendix Table A.2 and Figure A.1.

4 Evidence of Peer Effects on Manager Opinion

Our survey respondents generally have strong support for stopping business in Russia prior to any treatment assignment. Within our control group, 61.89% of respondents believed Japanese firms should stop doing business in Russia, 36.36% of respondents expressed neutrality, whereas only 1.75% of respondents opposed withdrawal. This closely matches levels of support reported in other public opinion surveys conducted in Japan during the months following the invasion using a general population sample.[16] The high baseline support for withdrawal sets up a hard test for our experiment. Providing additional vignettes about other firms that have withdrawn would primarily influence those who are neutral or oppose withdrawal rather than those who already favor withdrawal.

4.1 Conformity Pressure and Competition Incentive

To test whether conformity pressure and competition incentives affect preferences for withdrawal, we first compare the groups randomly assigned to the **US firms withdraw branch** (Treatment 1) with the **control branch** to estimate the effects of US firms withdrawal. Then we compare those assigned to **US firms and MNCs from other countries withdraw branch** (Treatment 2) with the **US firms withdraw branch** (Treatment 1) to estimate the effects of broader conformity pressure. If the US as a hegemon and its firms as bellwethers of international trends serve as the catalyst for conformity pressure, the first treatment informing respondents about US firm withdrawal would increase support for sanctions. If a broader conformity pressure is necessary to move opinion, we would expect that the multiple withdrawal vignette further increases support among managers to leave Russia when compared to the vignette that only refers to withdrawal by US firms.

[16] For further information see Kafura (2022).

We present the estimated effects of information about withdrawal in Figure 2. The results are based on predicted probabilities for each of the three outcome categories estimated with ordered logistic regression.[17] The figure displays the average treatment effects on the highest category of support – those who strongly agree or agree when asked if Japanese firms should withdraw from Russia. We find insignificant effects for the US firms withdrawal treatment. Compared to the control branch, learning that many US firms are withdrawing from Russia has a limited impact on the probability of supporting Japanese firms' withdrawal (n = 565). Conformity pressure from a wider range of countries, however, encourages support for businesses to leave Russia. The probability of supporting withdrawal by Japanese firms increases by 7.3% when respondents learn that firms from multiple countries are leaving Russia (n = 558) in comparison with the group who were only informed about the withdrawal by US firms. This confirms the peer conformity hypothesis for the case of a cross-national trend of peer firms ending ties with Russia.

To the extent that managers fear losing market share to other firms, we expect that the China stays vignette would decrease their support for withdrawal. The final row of Figure 2 confirms the peer competition hypothesis with evidence that support for withdrawal decreased by 8.7% when respondents learned that Chinese firms are staying in Russia (n = 545). Overall, our results support that peer actions influence opinions on withdrawal decisions. When a diverse range of firms voluntarily leave Russia, firm managers may feel compelled to leave as well, but learning that some firms remain operating in Russia induces more caution.

Figure 3 shows the results of subgroup analysis that confirms our market pressure hypothesis. When we differentiate respondents by their firm's market stakes in related markets (importing, exporting, outsourcing, or having local subsidiaries), we find stronger treatment effects. The US firm withdrawal has a positive effect for respondents whose

[17] We compute the variance with 1500 stratified bootstrap samples with strata (industry) fixed effects.

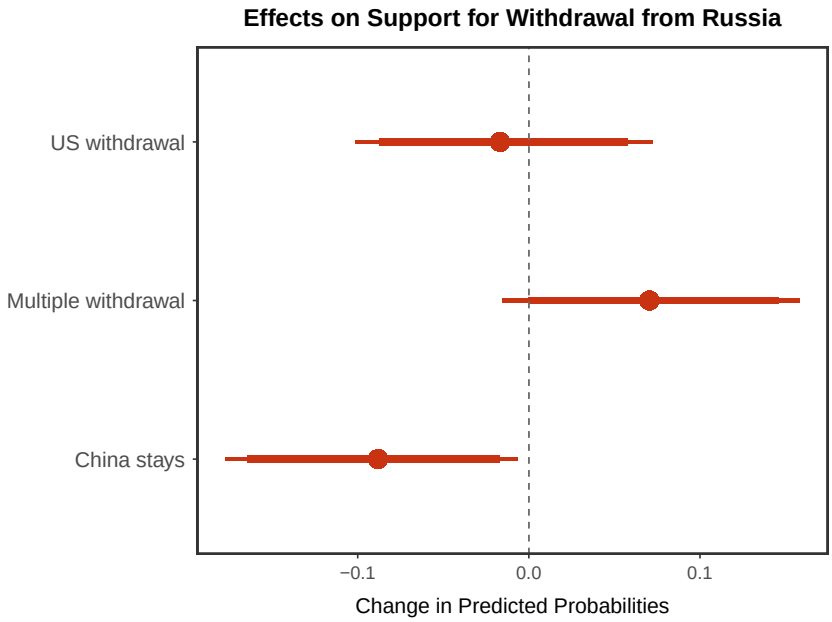

Figure 2: The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment: US firm withdrawal (top), multiple countries withdrawal (middle), and Chinese firms stay (bottom). The outcome, support for withdrawal, is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

firms have business in the US (support for withdrawal increases by 8.8%), whereas the effects for those without US business are negative (support for withdrawal decreases by 10.3%). We also find that the multiple withdrawal treatment has stronger effects for the managers of firms engaged in international trade and investment (beyond the US and China).Respondents who report that their firms have local businesses in China were even more cautious than others about leaving Russia when told that Chinese firms were continuing business in Russia (support decreases by 11.9%). This moderating effect is important given that 55.2% of respondents in our sample have ongoing business relationships with China. Our sample of business managers reveals that opinion is influenced jointly by information about other firms and the market exposure of the individual's own firm. The evidence from the subgroup analysis confirms the main effects of peer conformity and peer competition hypotheses while also showing that market stakes can amplify both of these reactions.

We conducted a series of robustness checks. We begin by considering conditions that may influence the salience of the Russian invasion of Ukraine for Japanese business man-

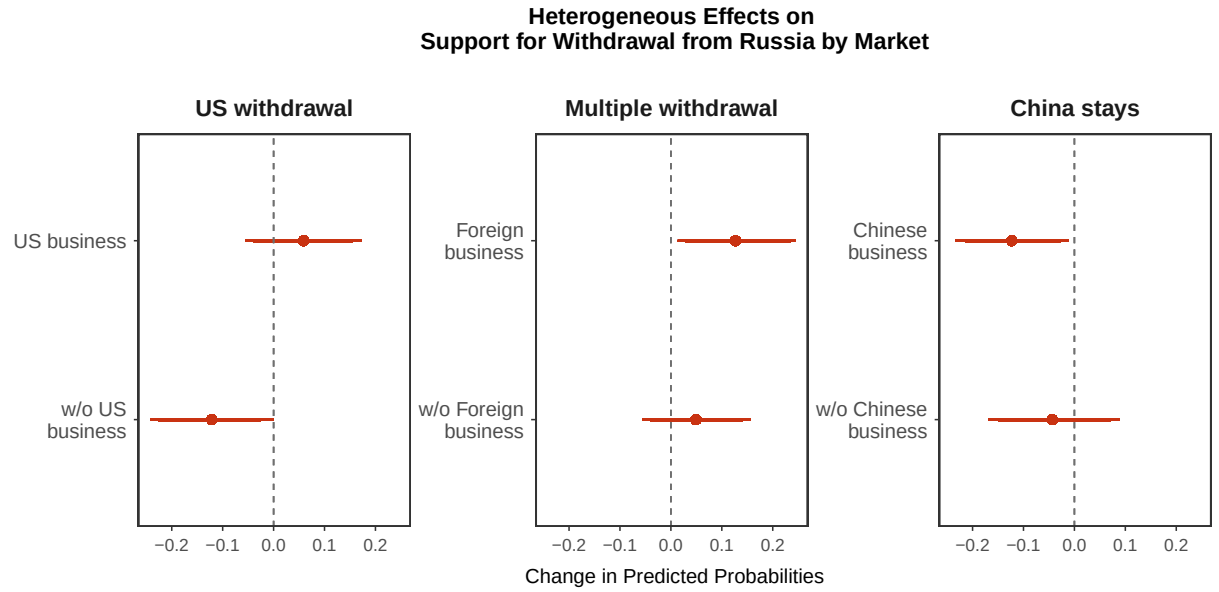

Figure 3: The figure shows how market stakes condition the estimated change in predicted probabilities of supporting withdrawal. The left column displays results for the US withdrawal treatment among respondents who work for firms with/without business in the US (top/bottom). The middle column shows the effect of multiple withdrawal treatment conditional on whether their firms have business in foreign countries besides China and the US, and the right column shows the effect of China stays treatment for those working at firms with/without business in China. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

agers. First, we restrict our sample to respondents working in firms that have business relationships with Russian firms through trade or investment (N = 322). Our results are consistent within this subset of the data for managers of firms with the most direct stake in the question of withdrawal (see Figure 4). We also test whether treatment effects are moderated by the perceived impact of the Ukraine war on the respondent's business operations. These results are similar to the main findings in direction, although the smaller sub-samples become less significant. Within the sub-group comparison for each treatment, there is little difference in the attitudes of respondents who report that the business of their firm was negatively impacted by the war(Appendix D.1).

We also examine sensitivity of our findings to variation across firm size and production activities. We find slightly stronger effects for managers employed in large firms (> 5,000 employees) compared to those in mid-size firms. We conduct subgroup analysis on consumer-facing industries (food and beverage, textile, and furniture) and find stronger

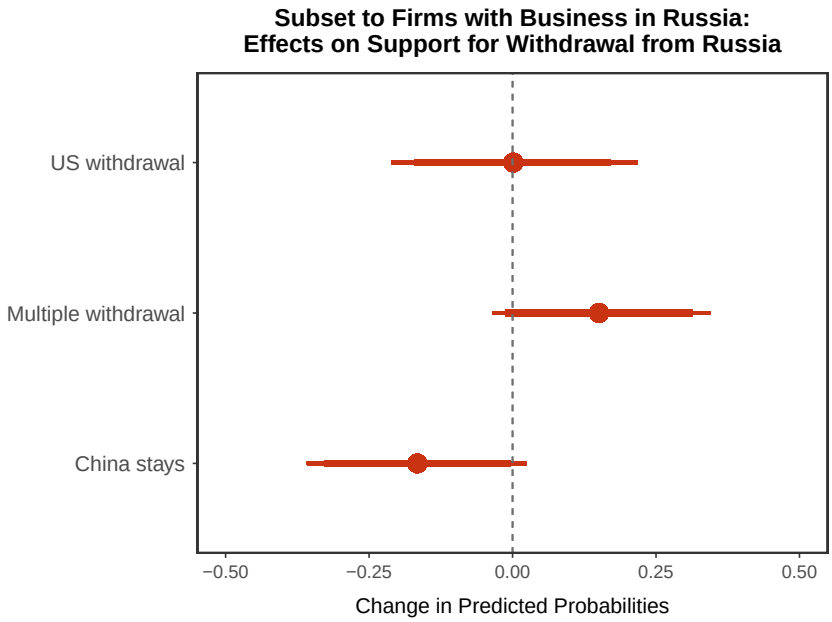

Figure 4: The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment, when subset to firms who had any business with Russia. The outcome, support for withdrawal, is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

effects for the *multiple withdrawal* and *Chinese firms stay* treatments, but a negative impact of the U.S. withdrawal treatment (Appendix D.2). Our results are generally consistent across those working in firms that are importers or exporters, firms engaging in outsourcing activities, or those with foreign subsidiaries (Appendix D.3,D.4). The smaller sample size for testing in each subgroup leads to greater variance, and some of the differences are not statistically significant at conventional levels.

Third, we estimate the model for the sub-sample of high-level managers, who belong to the business headquarters class or above (Appendix D.5). The direction is consistent, but statistically insignificant. This may reflect the smaller sample size. In addition, high-level managers may have less malleable opinions when provided with vignettes, since they may have information about other firm's behavior prior to the experiment.

Lastly, we consider different model specifications and outcome measurements. Using a linear model specification to estimate support over the 6 outcomes yields similar results

with higher statistical significance (Appendix D.6). Another specification uses a 6-level ordinal outcome instead of the 3-level ordinal outcome of the main results. The treatment effects for the highest category of strong support for withdrawal (i.e., choosing level 6) are consistent, although not reaching statistical significance for the peer conformity tests (Appendix D.7). We obtained similar results with an alternative outcome that measured views toward whether Japanese firms should issue statements in support of Ukraine.[18]

4.2 Reputation Costs and Sanction Risks

Next we evaluate whether concern about business reputation shapes preferences for withdrawal. If a concern about reputation is important, then support for withdrawal should increase when respondents are presented with the additional vignette that primes them about reputation costs. However, learning that other firms left Russia due to worries about reputation costs would have little or even a negative impact on support for withdrawal by those who have different reasons for supporting withdrawal.

As Figure 5 shows, we find that when respondents were informed of the reputation costs, their support for withdrawal *decreases* by 2.1% for the **US firms withdraw** branch (n = 541), and 13.3% for the **multiple countries firms withdraw** branch (n = 562), and 0.57% for the **Chinese firms stay** branch (n = 566).These findings go against our expectations in the reputation hypothesis. If anything, there is a backlash against the cue prompting respondents to think about potential harm to the reputation of their firm from doing business with Russia. Given that both social relations and economic interests could generate support for sanctions through the channel of reputation, the negative result is surprising.

To further explore the dynamics of how strategic context and reputation concerns impact withdrawal decisions, we examine the follow-up questions where respondents are asked to select all the factors that affected their decisions about doing business with Rus-

[18] See Appendix D.8. We evaluate a question on *coordinating with foreign firms to withdraw from Russia* and find a similar direction of estimated effects, but results were insignificant (Appendix D.9).

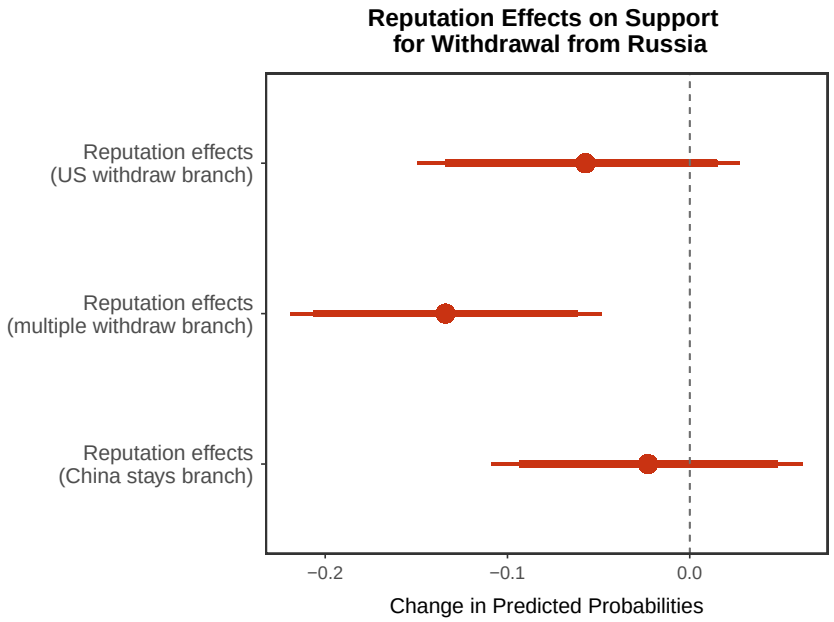

Figure 5: The figure presents the estimated change in predicted probabilities of supporting withdrawal from Russia when adding the reputation costs vignettes, for each firm withdrawal treatment branch: US firm withdrawal (top), multiple countries withdrawal (middle), and Chinese firms stay (bottom). The support for withdrawal is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

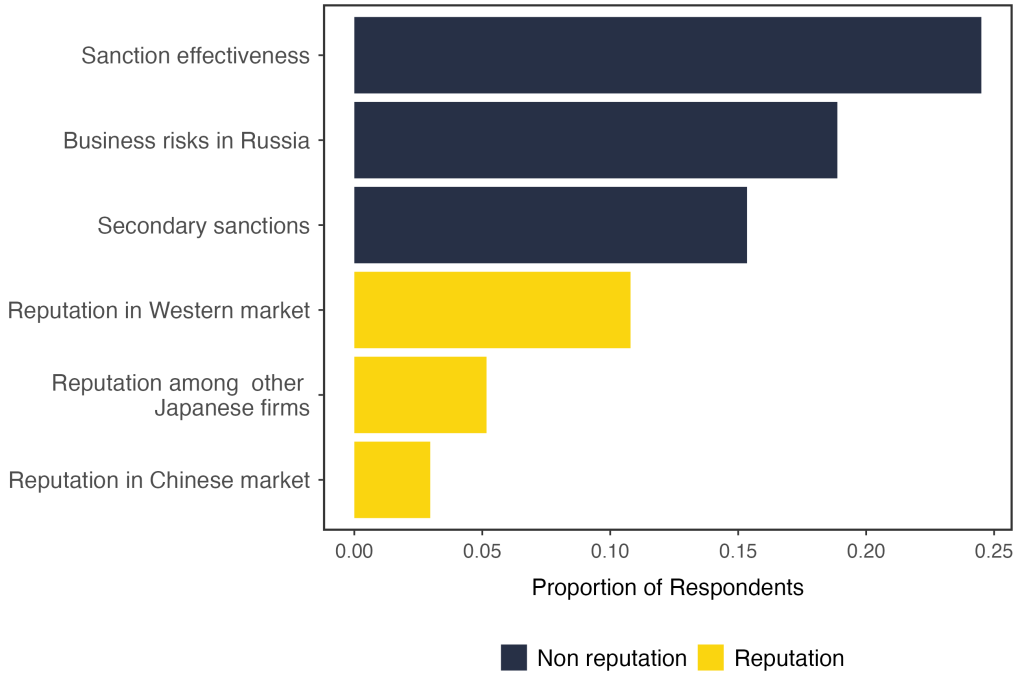

Figure 6: The figure shows the distribution of reasons that respondents selected as major factors in their opinion of whether Japanese firms should withdraw. It includes all respondents that are not given the reputation treatment. The total proportion does not sum up to one because respondents can select multiple reasons.

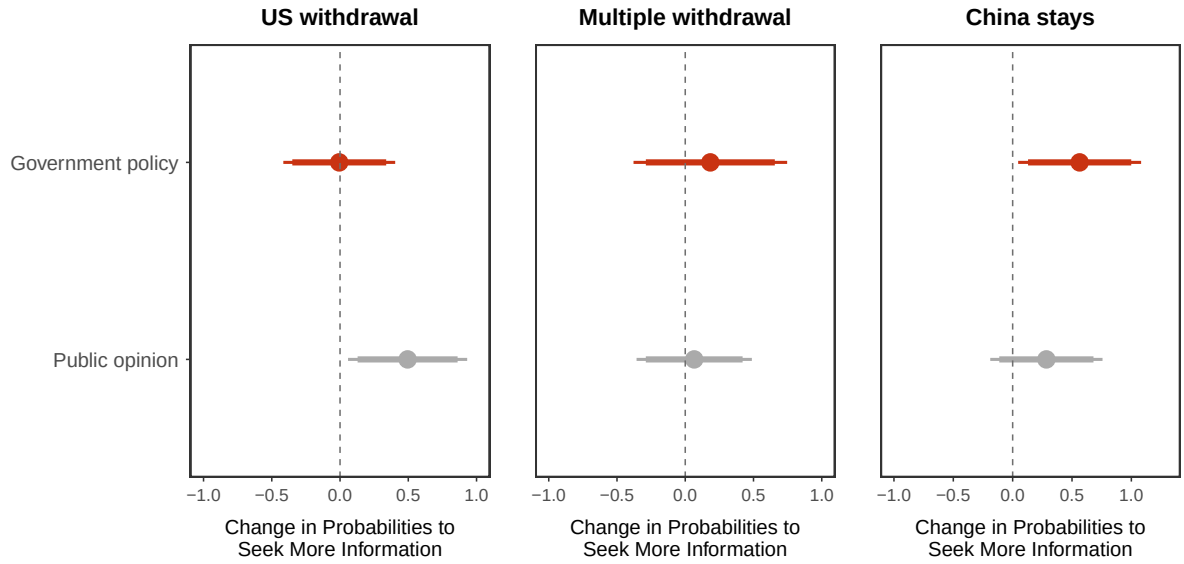

Figure 7: The figure shows the estimated effects of conformity and competition concerns on information seeking behaviors. The panels show the results of logistic regression estimates for the effect of each treatment on respondents' willingness to seek more information about policy and public opinion of the United States (left plot), Japan (middle plot), and China (right plot). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

sia (Figure 6). From a range of options, we find that reputation costs are not the top concern for Japanese firm managers. When comparing which markets matter for reputation, our sample of Japanese managers seems more concerned with Western markets than the Japanese market (Figure 6). The Chinese market is important for companies, but there is no evidence that reputation is a channel that raises risks.

Instead, firm managers worry about sanction effectiveness in deterring Russia, potential business risks in Russia, and secondary sanctions imposed by either the US or Chinese government. This points to one possible explanation for the surprising negative impact of the reputation treatment. When respondents learned that their peers were concerned about *reputation* rather than their own concern about secondary sanctions and business risks, they were reassured about the risks of continuing business with Russia.

4.3 Behavioral Outcomes

Our analysis also shows that peer conformity and peer competition induce a behavioral response to seek more information about market reactions and government policies. Figure 7 shows that upon learning about withdrawal by US firms, respondents are 49.3% more interested in receiving updates on US public opinion. In contrast, when they learn that Chinese firms continue to operate in Russia, they are 50.1% more willing to learn about China's current policy regarding the Ukraine crisis. The addition of the multiple withdrawal vignette has little impact compared to the US withdrawal vignette. The differential impact of the US and China vignettes suggests that managers view the crisis through a lens based on prior beliefs about the United States as a market-led economy and China as a state-led economy. The political context shapes the type of uncertainty for firms in a particular market, which appears in our survey results in the different responses to cues about U.S. and Chinese firm behavior. The managers' attention to market reactions in the United States and government policy in China indicates how political uncertainty impacts the type of information they seek.

5 Conclusion

Through trade wars and sanctions, economic statecraft has moved to the forefront of the global economy. But alongside state-led policies, private sector actions can also politicize markets. We ask how business managers evaluate the decisions over when and how to react to international crises. Managers are willing to leave contentious markets, and their reasons are not simply driven by concerns about their reputation with consumers and investors. But they do not make these decisions in isolation. Our central conclusion is that peers influence preferences for business decisions when firm managers face difficult decisions at the onset of a crisis.

In a randomized experiment on 2,100 Japanese business managers three months after

the onset of the Russian invasion of Ukraine, we find that information about how other firms behave conditions the support for business withdrawal from Russia. Evidence for peer conformity and competition effects highlights the strategic context in which managers make decisions about political events. Yet the mixed findings about reputation as the mechanism for this response call for further research. It appears that managers are not simply anticipating harm to profits through reputation. Instead, they are more concerned about sanction effectiveness and business risks. At the same time, market exposure amplifies how the information about other firms shapes opinion.

The behavior of other firms also influences risk perception. When focused on US firms withdrawal, Japanese managers sought information about public opinion in the United States. In contrast, when prompted with information about Chinese firms they sought information on government policy in China. In the midst of uncertainty about future conditions, the behavior of other firms puts a spotlight on particular kinds of risk.

Managers look to other firms for guidance on the hard decisions about whether withdrawal is the best response to a crisis. Being the first to leave would take unusual courage and pose a larger risk. At the same time, being the last to leave could be morally reprehensible and draw criticism. Information about what other firms are doing makes a significant difference. The herd mentality of markets may also extend to evaluations of international crises. The offsetting forces of conformity and competitive incentives encourage managers to pay attention to the choices of other firms.

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A Appendix: Variables and Covariate Balance

A.1 By Industry

Table A.1: Treatment Assignment by Industry Groups

	Textile & Furniture (N=89)		Food & Beverage (N=155)		Chemical & Metal (N=420)		Machinery (N=374)		Construction & Mining (N=562)		Transportation (N=142)		Others (N=213)	
	N	Pct.	N	Pct.	N	Pct.	N	Pct.	N	Pct.	N	Pct.	N	Pct.
Control	12	13.5	23	14.8	61	14.5	54	14.4	84	14.9	21	14.8	31	14.6
US firms withdrawal	14	15.7	23	14.8	60	14.3	53	14.2	79	14.1	19	13.4	31	14.6
US firms withdrawal + reputation	13	14.6	22	14.2	63	15.0	54	14.4	83	14.8	21	14.8	31	14.6
Multiple countries firms withdrawal	12	13.5	21	13.5	61	14.5	54	14.4	81	14.4	19	13.4	31	14.6
Multiple countries firms withdrawal + reputation	13	14.6	23	14.8	60	14.3	54	14.4	83	14.8	21	14.8	29	13.6
Chinese firms stay	13	14.6	22	14.2	55	13.1	51	13.6	74	13.2	21	14.8	30	14.1
Chinese firms stay + reputation	12	13.5	21	13.5	60	14.3	54	14.4	78	13.9	20	14.1	30	14.1

A.2 Covariate Balance Table

Table A.2: Covariate Balance Table

	Control (N=286)		US firms withdrawal (N=279)		US firms withdrawal reputation(N=287)		Multiple firms withdrawal (N=279)		Multiple firms withdrawal + reputation (N=283)		Chinese firms stay (N=266)		Chinese firms stay + reputation (N=275)	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Support sanction	1.0	0.2	0.9	0.3	1.0	0.2	0.9	0.3	0.9	0.3	0.9	0.2	0.9	0.3
Sanction impact	0.6	0.5	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5
Sanction second	0.8	0.4	0.8	0.4	0.8	0.4	0.8	0.4	0.8	0.4	0.8	0.4	0.8	0.4

		Control (N=286)		US firms withdrawal (N=279)		US firms withdrawal reputation(N=287)		Multiple firms withdrawal (N=279)		Multiple firms withdrawal + reputation (N=283)		Chinese firms stay (N=266)		Chinese firms stay + reputation (N=275)	
		N	Pct.	N	Pct.	N	Pct.	N	Pct.	N	Pct.	N	Pct.	N	Pct.
Employee	1	55	19.2	57	20.4	56	19.5	64	22.9	65	23.0	48	18.0	62	22.5
	2	167	58.4	158	56.6	155	54.0	166	59.5	164	58.0	149	56.0	151	54.9
	3	64	22.4	63	22.6	76	26.5	49	17.6	54	19.1	68	25.6	62	22.5
Tokyo and Osaka	0	114	39.9	121	43.4	131	45.6	135	48.4	131	46.3	108	40.6	124	45.1
	1	172	60.1	158	56.6	156	54.4	144	51.6	152	53.7	158	59.4	151	54.9
Manufacturing	0	84	29.4	79	28.3	83	28.9	81	29.0	83	29.3	74	27.8	78	28.4
	1	202	70.6	200	71.7	204	71.1	198	71.0	200	70.7	192	72.2	197	71.6
Established year	0	137	47.9	129	46.2	134	46.7	143	51.3	135	47.7	130	48.9	131	47.6
	1	139	48.6	140	50.2	139	48.4	126	45.2	135	47.7	125	47.0	130	47.3
Japanese ownership	0	48	16.8	50	17.9	51	17.8	46	16.5	49	17.3	52	19.5	49	17.8
	1	215	75.2	214	76.7	220	76.7	217	77.8	230	81.3	199	74.8	206	74.9
Capital	1	44	15.4	49	17.6	52	18.1	55	19.7	48	17.0	50	18.8	54	19.6
	2	109	38.1	107	38.4	103	35.9	116	41.6	118	41.7	69	25.9	103	37.5
	3	114	39.9	98	35.1	107	37.3	85	30.5	94	33.2	115	43.2	91	33.1
Sales	1	50	17.5	58	20.8	56	19.5	69	24.7	64	22.6	50	18.8	63	22.9
	2	83	29.0	86	30.8	92	32.1	99	35.5	90	31.8	63	23.7	85	30.9
	3	139	48.6	121	43.4	121	42.2	97	34.8	116	41.0	130	48.9	117	42.5
Position	1	108	37.8	102	36.6	93	32.4	96	34.4	102	36.0	88	33.1	78	28.4
	2	102	35.7	99	35.5	106	36.9	99	35.5	106	37.5	90	33.8	111	40.4
	3	76	26.6	78	28.0	88	30.7	84	30.1	75	26.5	88	33.1	86	31.3
Years employed	0	178	62.2	181	64.9	194	67.6	179	64.2	173	61.1	176	66.2	184	66.9
	1	106	37.1	98	35.1	93	32.4	100	35.8	110	38.9	89	33.5	91	33.1
Age	1	30	10.5	23	8.2	29	10.1	30	10.8	33	11.7	31	11.7	27	9.8
	2	191	66.8	202	72.4	197	68.6	187	67.0	192	67.8	179	67.3	186	67.6
	3	65	22.7	54	19.4	61	21.3	62	22.2	58	20.5	56	21.1	62	22.5
Income	0	152	53.1	140	50.2	176	61.3	158	56.6	152	53.7	130	48.9	150	54.5
	1	105	36.7	107	38.4	88	30.7	97	34.8	107	37.8	116	43.6	100	36.4
College degree	0	42	14.7	41	14.7	57	19.9	61	21.9	42	14.8	44	16.5	50	18.2
	1	244	85.3	238	85.3	230	80.1	218	78.1	241	85.2	222	83.5	225	81.8

A.3 Covariate Balance Plot

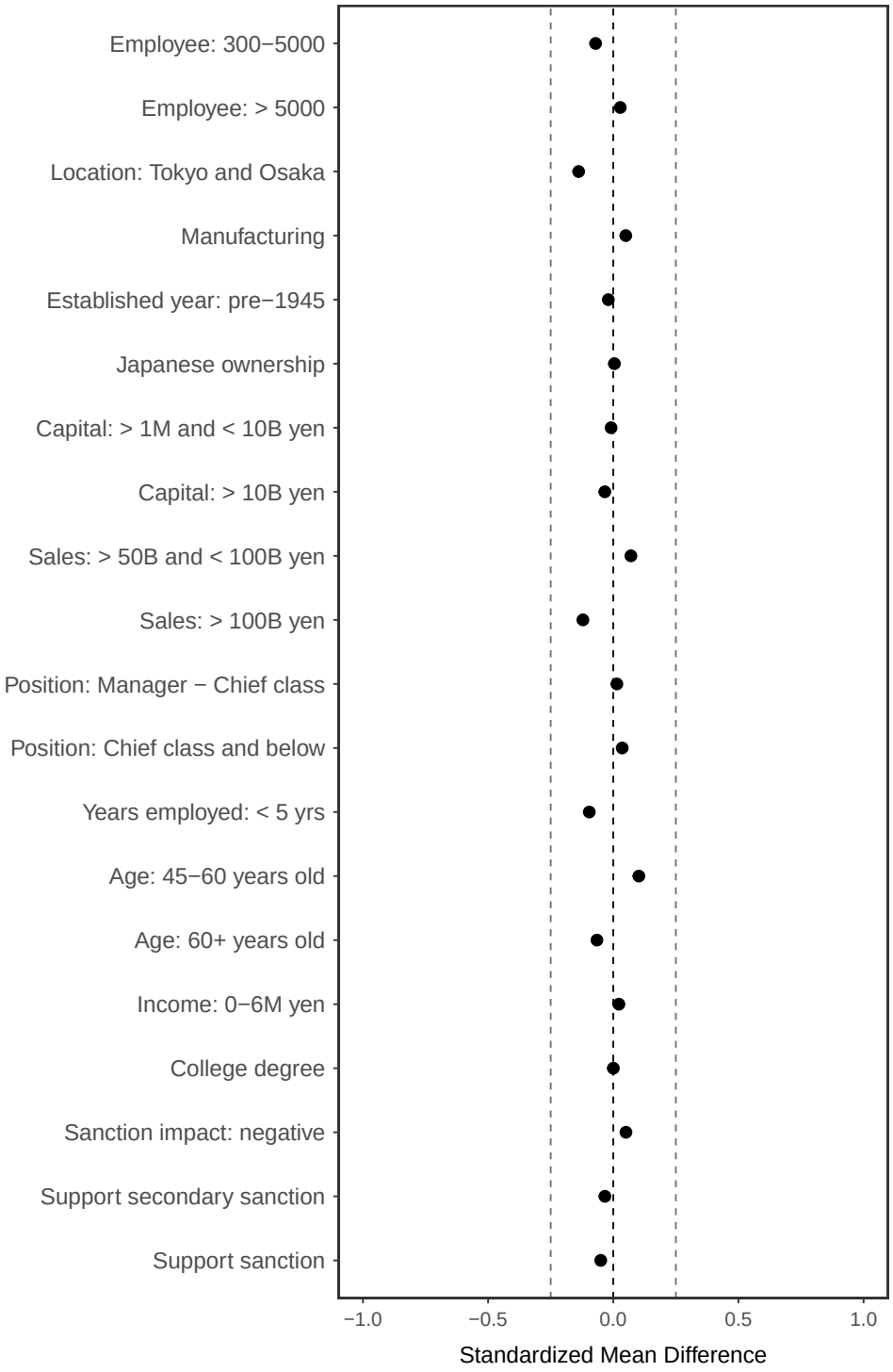

Figure A.1: The plot shows standardized mean differences between the control group and all the treatment groups (x-axis) for each value of covariates (y-axis). They are all below an absolute difference of 0.25, indicating that the treated and the control are balanced in terms of the listed covariates.

A.4 Variable Descriptions

Individual characteristics

- Education (college degree):
    0. No college degree
    1. College degree and above
- Age:
    1. Below 45
    2. 45 – 60
    3. Above 60
- Household income:
    0. Below 10 million JPY
    1. 10 million JPY and above
- Position in the firm:
    1. From chairman class (top) to deputy manager class
    (会長/理事長, 副会長/理事, 代表取締役（社長）/院長, 副社長/副院長/事務長, 専務取締役/常務取締役/役員/取締役, 顧問/監査役, 事業本部長, 部長, 部長代理)
    2. Section chief class and assistant section chief class
    (課長, 課長補佐)
    3. From section head to branch manager/factory manager class
    (係長, 主任・リーダー, 支店長・工場長)
- Years employed in the firm
    0. Twenty years or less
    1. More than twenty years
- Pre-treatment assessment of the Ukraine crisis's impact on own firm's business:
    0. No or positive impact
    1. Negative impact

Firm characteristics

- Firm size (number of employees):
    1. Below 300
    2. 300 – 5,000

3. Above 5,000

- Year established:
  1. Before 1945
  2. 1945 and after
- Location of the firm:
  0. Other than Tokyo or Osaka
  1. Tokyo or Osaka
- Japanese ownership:
  0. Some portion is owned by foreign capital
  1. 100% owned by Japanese capital
- Industry
  - Construction and mining
  - Food and beverage
  - Textile and wood related
  - Chemical and metal
  - Machinery
  - Transportation
  - Others
- Capital
  1 Below 100 million JPY
  2 100 million – 10 billion JPY
  3 10 billion JPY and above
- Sales
  1. Below 10 billion JPY
  2. 10 billion – 100 billion JPY
  3. 100 billion JPY and above

B Preregistered Hypotheses

Table B.1: Hypotheses on Main Effects

Hypothesis 1	Peer Pressure	Respondents are more likely to support Japanese firms withdrawing from Russia when they learn that other firms have withdrawn. Their support will be higher when told that firms from multiple nationalities withdraw, relative to only being told about U.S. firm withdrawals.
Hypothesis 2	Competition Incentive	Respondents are less likely to support Japanese firms withdrawing from Russia upon learning that Chinese firms continue to operate in Russia.
Hypothesis 3	Issue Salience	Respondents who work for firms that conduct business with Russia (importing, exporting, outsourcing, or having local subsidiaries) are more likely to be influenced by other firms' withdrawals, compared to respondents that do not have any business relationship with Russia.

Table B.2: Hypotheses on Mechanims

Hypothesis 1a	Market Pressures	Respondents who work for firms that conduct business in the United States are more likely to support Japanese firms withdrawing from Russia upon learning about the cases of US withdrawals.
Hypothesis 1b		Respondents who work for firms that conduct business in multiple foreign markets are more likely to support Japanese firms withdrawing from Russia when told that firms from multiple nationalities withdraw.
Hypothesis 2a		Respondents who work for firms that conduct business in China are less likely to support Japanese firms withdrawing from Russia upon learning that Chinese firms continue to operate in Russia.
Hypothesis 4	Reputation Concerns	Respondents are more likely to support Japanese firms withdrawing from Russia when informed that MNCs are withdrawing due to concerns over their business reputations.
Hypothesis 5		Respondents are less likely to support Japanese firms withdrawing from Russia when they learn that Chinese firms still operate in Russia even when other MNCs are withdrawing due to concerns over their business reputations.
Hypothesis 4a		Respondents who work for firms that conduct business overseas are more likely to support Japanese firms withdrawing from Russia when informed that MNCs are withdrawing due to concerns over their business reputations.
Hypothesis 5a		Respondents who work for firms that conduct business in the Chinese market are less likely to support Japanese firms withdrawing from Russia when they learn that Chinese firms still operate in Russia even when other MNCs are withdrawing due to concerns over their business reputations.
Hypothesis 6	Other Mechanisms	Concerns for business risk, secondary sanctions, and reputation costs will mediate respondents' sensitivity to the information about which firms are withdrawing. However, respondents are less likely to support withdrawals after learning that Chinese firms continue to operate in Russia because respondents are less concerned with business risks.

Table B.3: Information Seeking Behaviors

Hypothesis 7	Consumer incentives	Respondents told about US/Japanese/Chinese firms will be more likely to seek information on US/Japanese/Chinese public opinion.
Hypothesis 8	Compliance	Respondents told about US/Japanese/Chinese firms will be more likely to seek information on US/Japanese/Chinese government policies.
Hypothesis 9	Peer pressure	Respondents told about US/Japanese/Chinese firms will be more likely to seek additional detailed information on the behavior of other firms.

C Regression Results

Table C.1: Effects of US Firms Withdrawal on Support for Withdrawal from Russia

	w/o US Business	US Business	Total
Treatment	-0.103	0.088	0.005
	(0.065)	(0.061)	(0.044)
Num.Obs.	289	276	565
Firm-level controls	Yes	Yes	Yes
Individual-level controls	Yes	Yes	Yes

The table shows the estimated change in predicted probabilities of the US withdrawal treatment (compared to the baseline control branch). The right column shows the estimates for the full sample. The middle and left columns show the estimates for each subgroup: firms with and without business in the US. The support for withdrawal is measured on a scale of 1 (not support) to 3 (support). The results are estimated using ordered logistic regressions and converted to changes in predicted probabilities for the support category with industry-fixed effects.

Table C.2: Effects of Broader Peer Pressure on Support for Withdrawal from Russia

	w/o Foreign Business	Foreign Business	Total
Treatment	0.047	0.105+	0.073+
	(0.056)	(0.061)	(0.042)
Num.Obs.	346	212	558
Firm-level controls	Yes	Yes	Yes
Individual-level controls	Yes	Yes	Yes

The table shows the estimated change in predicted probabilities of the multiple withdrawal treatment (compared to the US withdrawal branch). The right column shows the estimates for the full sample. The middle and left columns show the estimates for each subgroup: firms with and without business in foreign countries besides the US. The support for withdrawal is measured on a scale of 1 (not support) to 3 (support). The results are estimated using ordered logistic regressions and converted to changes in predicted probabilities for the support category with industry-fixed effects.

Table C.3: Effects of Chinese Firms Stay on Support for Withdrawal from Russia

	w/o Chinese Business	Chinese Business	Total
Treatment	-0.053	-0.119*	-0.087+
	(0.075)	(0.057)	(0.045)
Num.Obs.	240	305	545
Firm-level controls	Yes	Yes	Yes
Individual-level controls	Yes	Yes	Yes

The table shows the estimated change in predicted probabilities of the China stays treatment (compared to the multiple withdrawal branch). The right column shows the estimates for the full sample. The middle and left columns show the estimates for each subgroup: firms with and without business in China. The support for withdrawal is measured on a scale of 1 (not support) to 3 (support). The results are estimated using ordered logistic regressions and converted to changes in predicted probabilities for the support category with industry-fixed effects.

Table C.4: Reputation Effects on Support for Withdrawal from Russia

	Within US withdrawal branch	Within Multiple withdrawal branch	Within China stays branch
Treatment	-0.021	-0.133**	-0.057
	(0.044)	(0.044)	(0.044)
Num.Obs.	541	562	566
Firm-level controls	Yes	Yes	Yes
Individual-level controls	Yes	Yes	Yes

The table shows the estimated change in predicted probabilities of reputation costs for all three branches - US withdrawal, multiple countries withdrawal, and Chinese firms stay - respectively. The support for withdrawal is measured on a scale from 1 (not support) to 3 (support). The results are estimated using ordered logistic regressions and converted to changes in predicted probabilities for the support category with industry-fixed effects.

D Additional Figures

The Impact of Ukraine War

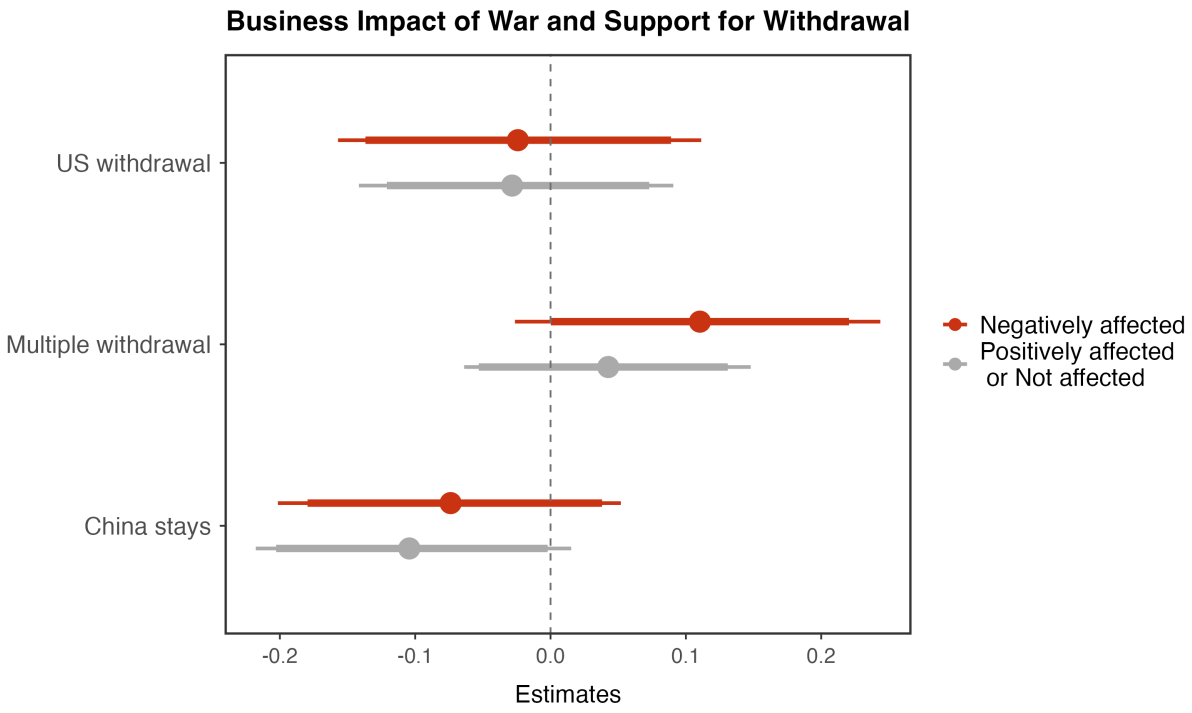

Figure D.1: The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment, subset by the self-reported impact of the Ukraine war on its business operation: those who reported negative impact (red) and those who either did not recognize any impact on their business or had positive impact (gray). The outcome, support for withdrawal, is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

Consumer-Facing Industries

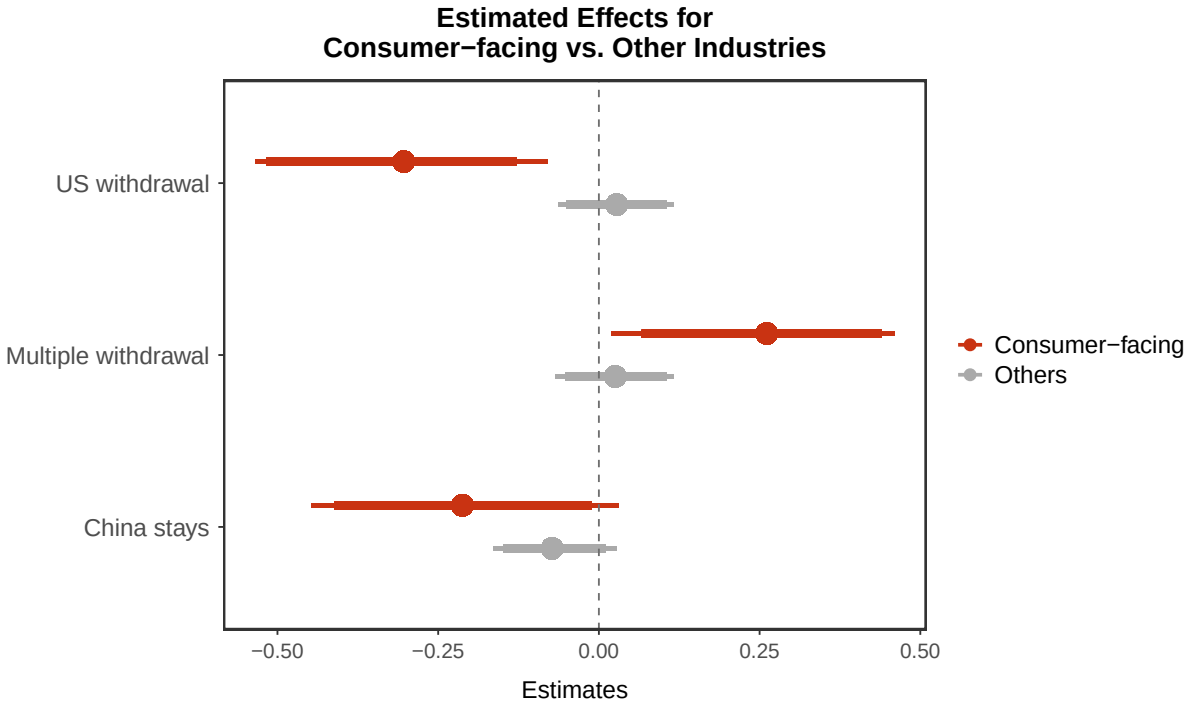

Figure D.2: The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment, among those in consumer-facing industries (red) and others (gray). The outcome, support for withdrawal, is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

Firm Size Heterogeneity

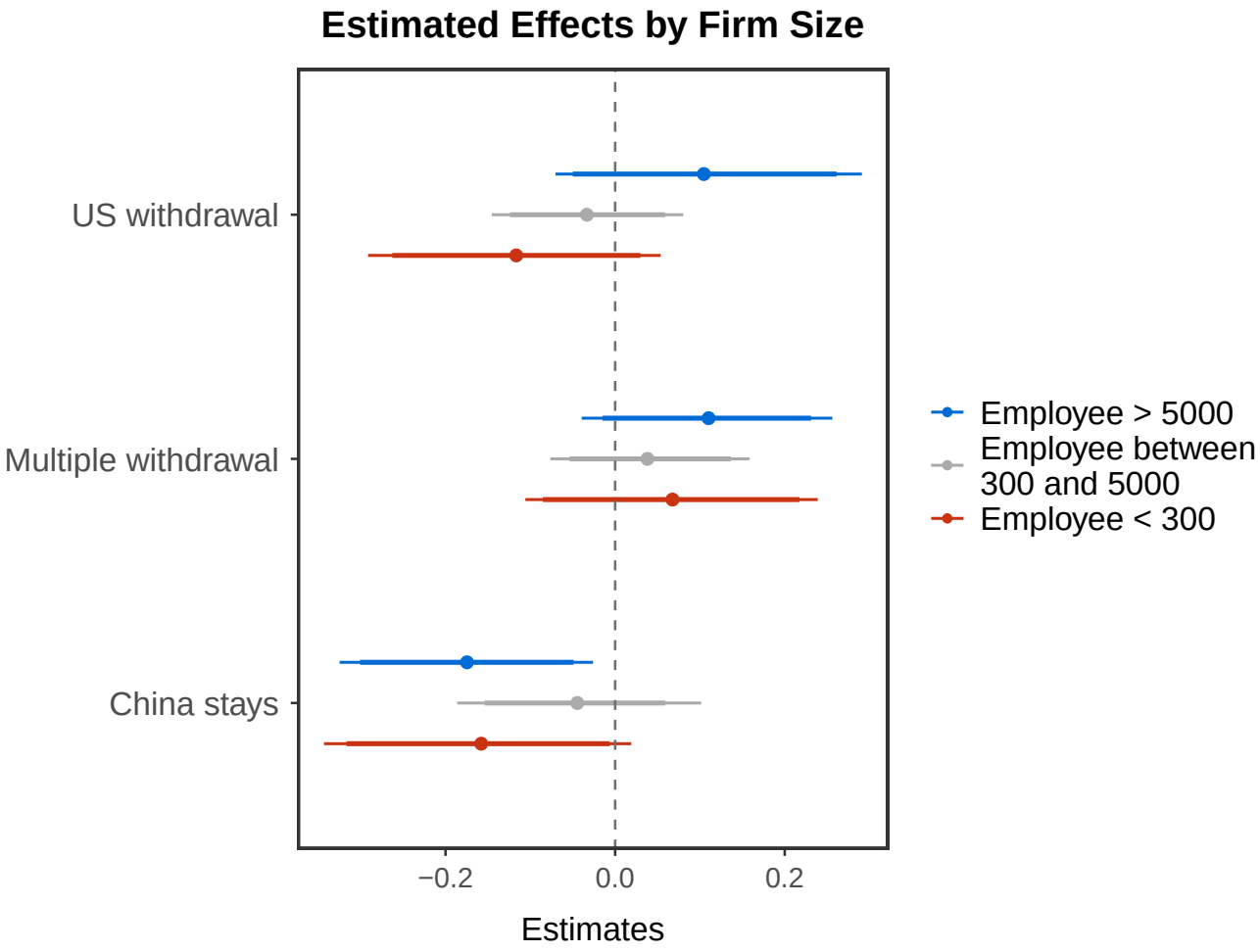

Figure D.3: The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment, subset by the size of employment of the respondent's firm: those below 300 employees (red), between 300 and 5,000 (gray), and above 5,000 (blue). The outcome, support for withdrawal, is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

Comparison By Foreign Business Activities

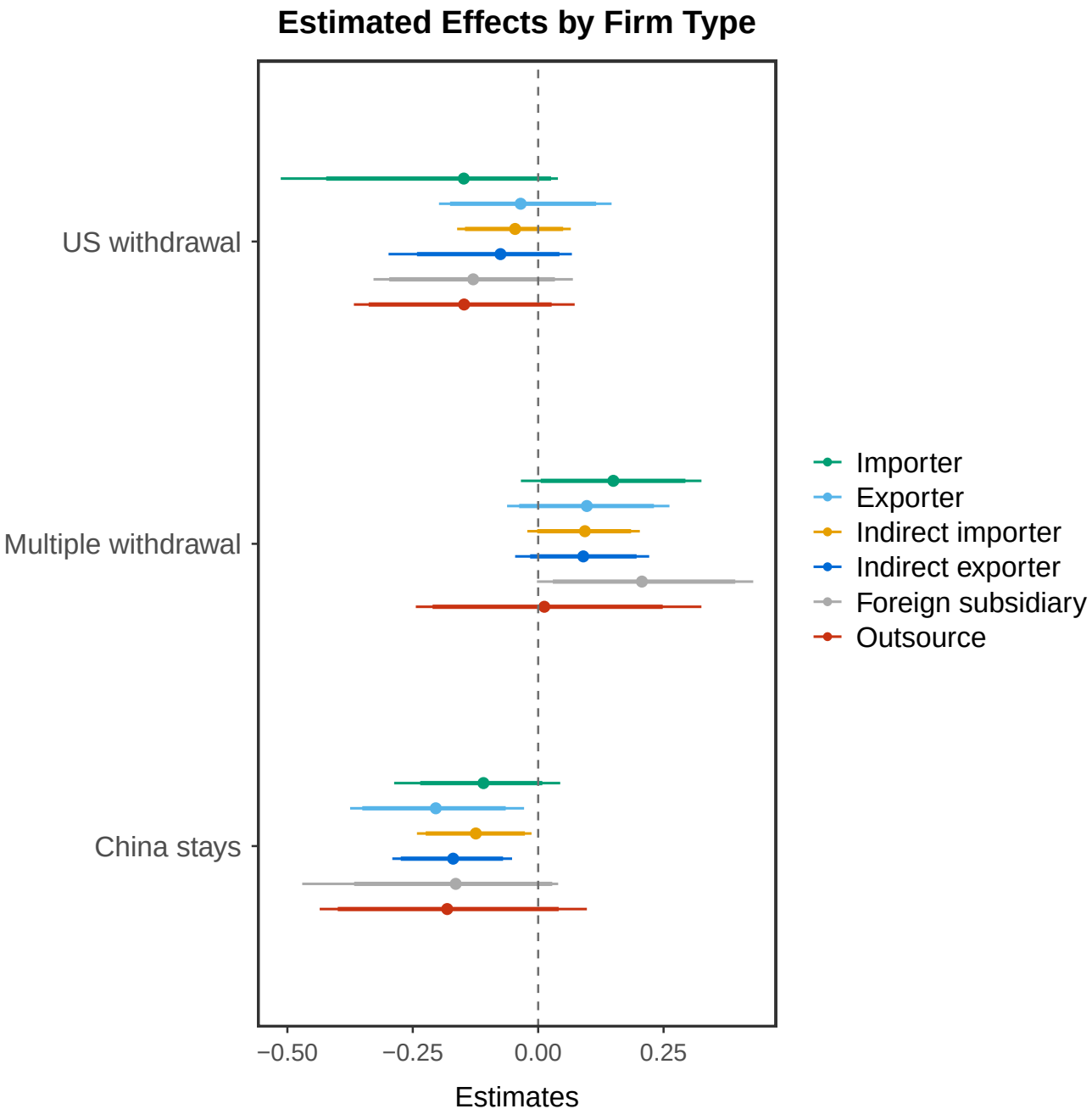

Figure D.4: The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment, subset by foreign business activities of the respondent's firm: whether they directly import or export, indirectly import or export, have foreign subsidiaries, or outsource in foreign markets. The outcome, support for withdrawal, is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

Higher-level Manager Sub-sample

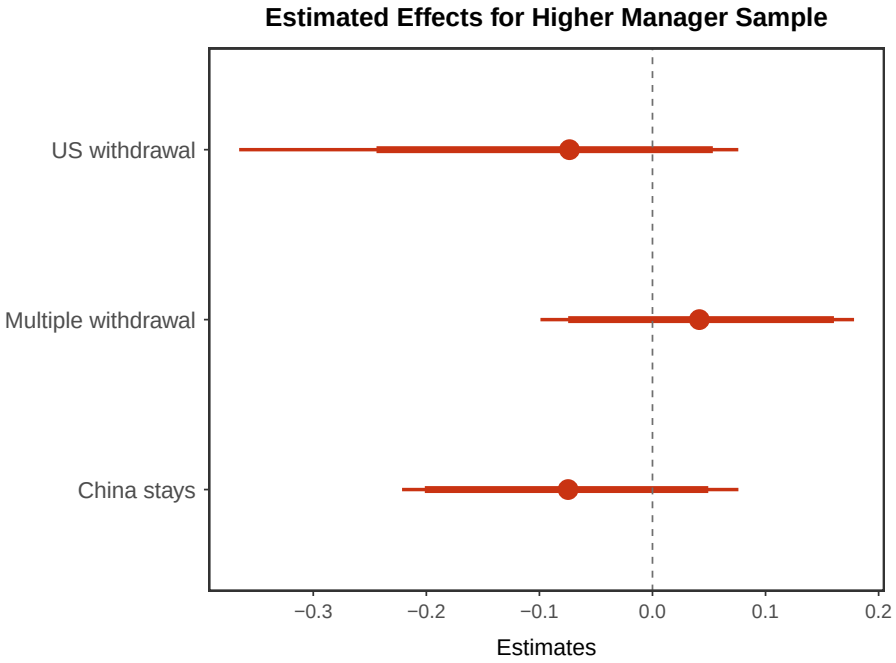

Figure D.5: The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment, when subsetting the sample to respondents that belong to the business headquarters class or above. The outcome, support for withdrawal, is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

Linear Regression Estimates

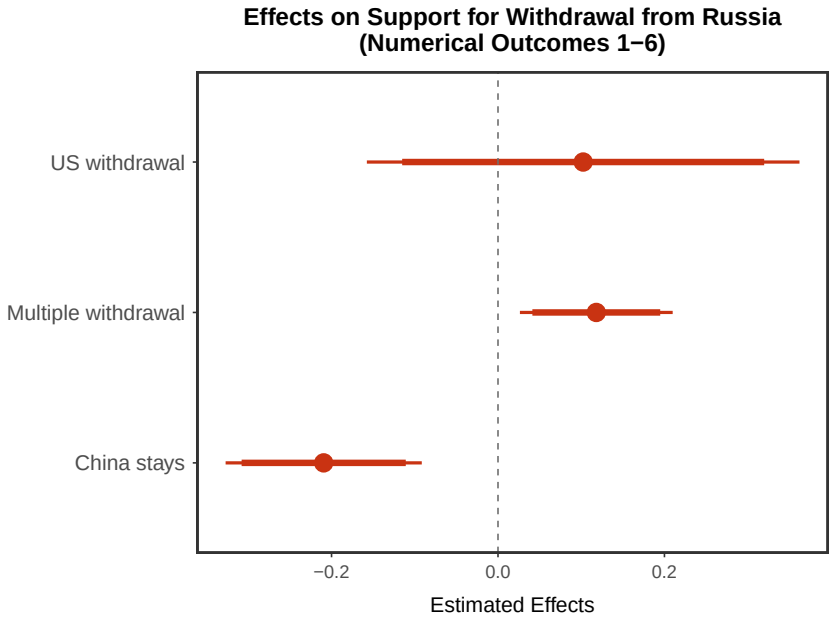

Figure D.6: The figure shows the estimated effects of each firm withdrawal treatment on support for withdrawal, using the outcomes measured in numerical scale from 1 to 6. The effects are estimated using linear models with industry-group fixed effects. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

Ordered Logit Estimates for Top Category of 6-level Outcomes

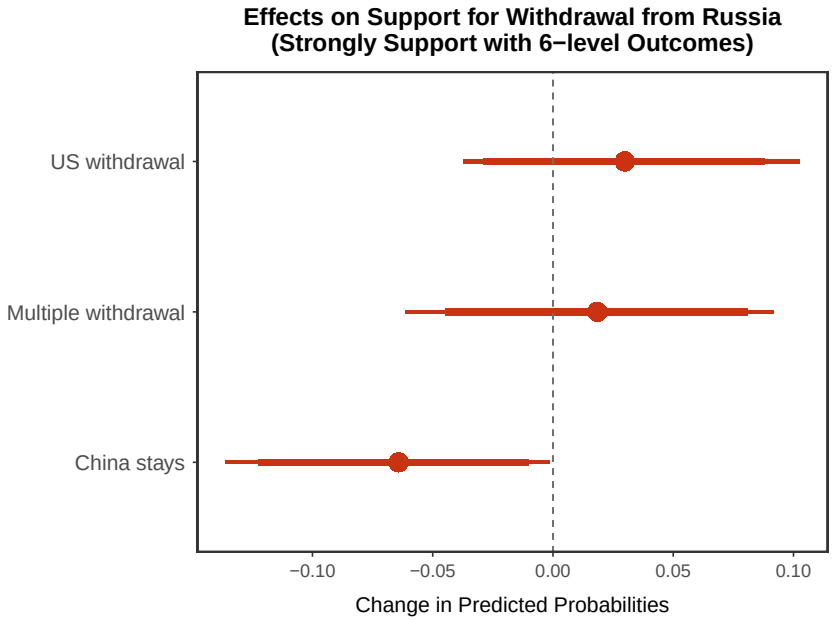

Figure D.7: The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment. The outcome, support for withdrawal, is measured on a scale of 1 (do not support at all) to 6 (strongly support), and the figure plots the results for the 'strongly support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

Alternative Outcomes

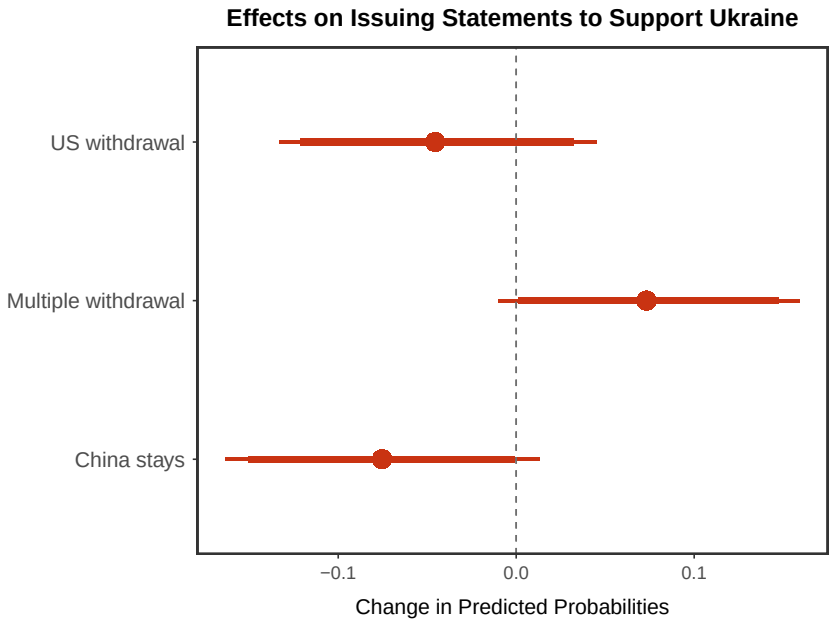

Figure D.8: The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment, on an alternative outcome measure asking the respondent's support for the firm issuing statements in support of Ukraine. The outcome, support for withdrawal, is measured on a scale of 1 (do not support at all) to 6 (strongly support), and the figure plots the results for the 'strongly support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

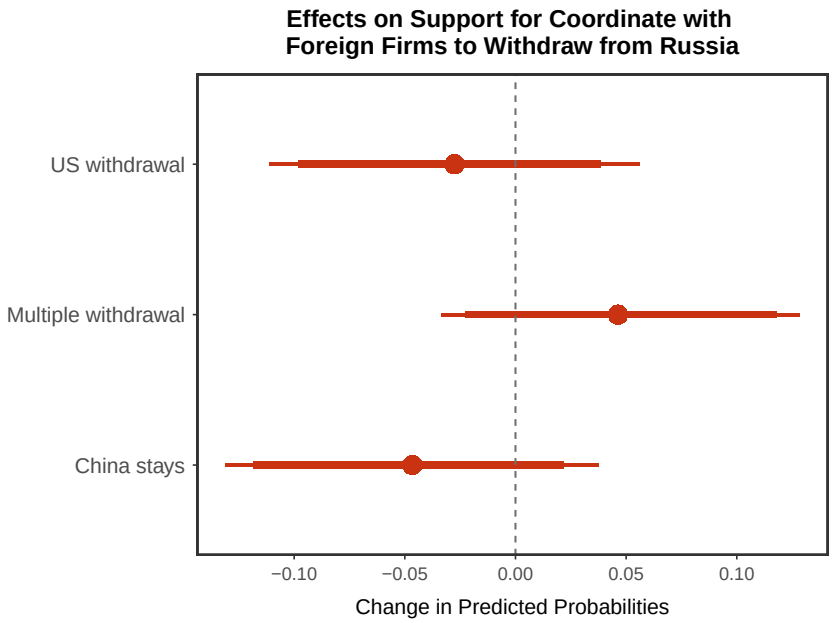

Figure D.9: The figure presents the estimated change in predicted probabilities using an alternative outcome measure, asking whether the respondent supports a coordinated action with foreign firms to withdraw. The outcome, support for withdrawal, is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.